THE WAY OUT: FORMOSA FOR THE FORMOSANS

The Reporter

February 6, 1951 25c

THE JOB EISENHOWER FACES

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Eisenhower: the victorious commander in London in 1945; the university president at a Scout Jamboree in 1950

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REPORTER'S NOTES

The Great Debate

Of course we will survive it: But when, oh when, will it be over? One is sometimes overcome by a feeling of superstitious apprehension, remembering some of the greatest great debates in our national history. The one, for instance, between Lincoln and Douglas that preceded but did not prevent the Civil War. Or the one on the League of Nations that plunged the country into twenty years of stultifying isolationism.

The debate goes on. More and more national figures, on the floor of Congress or on the airwaves, give the people of the nation and the world the benefit of their opinions, bringing out the shade of difference between their thinking and that of the previous debaters. Actually, no two say exactly the same thing—or else why should they bother to speak? Mr. Hoover's line is not altogether identical with Mr. Kennedy's, and Senator Taft, to a far greater extent, stresses our leadership of the free world before reaching the conclusion that we had better refrain from helping it.

Long-coagulated commonplaces ("Why save the whole world?" "Isn't it better to wait in our own bailiwick?") have begun to erode as they go through the combined process of repetition and search for originality in presenting ideas that have already been repeated to a pulp.

So perhaps after all the great debate has a useful function. At the beginning it was shocking to see how it was splitting the bipartisan foreign policy wide open; but now it has started splitting the foreign policies of both parties, particularly the Republican. We cannot hope that a definition of the nation's foreign policy will emerge from the great debate, but we can already foresee the moment when everybody, regardless of party, prejudices, or orientation, will realize how urgently we need to have the whole nation behind a vigorous foreign policy.

But when, oh when?

Air-Sea Power

One of the ideas that is rapidly being ground to a pulp is that we should concentrate on building up our air and sea power. We have heard many variations on this theme, and certainly we will hear more. Senator Taft's proposal, as far as we can make out, is to have the Army assume the role now performed by the Marine Corps.

Of course, it is perfectly obvious that ours is a predominantly air and sea power, and that we must base our strategic and diplomatic policies on this fact. The first conclusion is that to check the land power of the enemy, we need a strong system of alliances and that we need to bolster with our own land power the military might of the nations on our side. To control as much sea and air as we can, we must have the use of harbors and airfields in faraway lands. Otherwise, if we restrict ourselves to the defense of our own continent, sea and air will close in on us.

Perhaps it is not irreverent to remind our zealots of air-sea power that the United States is a land, that the North American continent is not floating on the ocean or soaring in the air. It is earthbound. If, following some of the great debaters, we restrict our preparedness to the defense of our own soil, we would have to raise a tremendous number of divisions, for the air and the sea cannot be protected by unbreakable walls, and our land can be invaded.

Actually, in the opinion of the strategist-politicians orating against the government, our only choice seems to be between a preventive war, to be waged mostly by strategic atomic bombing of enemy territory, or the concentration of all our effort on the defense of our national soil. Between, we dare to say, there is Europe and there is Asia—a vast expanse of land and sea that cannot be defended by hit-and-run atomic raids on Moscow and cannot be regained by waiting for the enemy off Sandy Hook.

Incidentally, we know of no Russian Hoover who is satisfied with keeping his nation a land power. As for our Army, if anyone thinks it cannot be a determining factor in war, let him go ask any surviving member of Hitler's general staff.

Look at Korea

But the fanatics of air warfare say: "Let's look at Korea." Indeed, the whole debate has arisen because of Korea.

This we find really very difficult to understand. For the lesson of Korea has confirmed some old lessons, namely (a) that air power is purely negative in nature; (b) that it can destroy but not control; (c) that no matter how overwhelmingly superior, it cannot alone halt the advance of numerous and determined ground forces.

In Korea air and sea power could be brought to bear on the enemy under very favorable circumstances, considering (a) that no point in the peninsula is more than a few hundred miles from carrier-based aircraft; (b) that enemy air opposition and anti-aircraft have been extraordinarily weak; (c) that the latest type of planes are working over the enemy forces with the most powerful anti-personnel weapons—napalm and proximity-fuzed bombs; (d) that the carriers on which the planes are based have been almost unharassed by enemy action, except floating mines; (e) that the heavy guns of a battleship may be brought to bear on any point within twenty miles from the shoreline of a narrow peninsula.

So let's look at Korea.

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Correspondence

Innocents Aboard

To the Editor: Congratulations to Gouverneur Paulding for evoking the innocents in his column, "To Man's Measure," in the issue of December 12, 1950. The world should be reminded of them. However, lest Paulding himself appear too innocent, let me remind him that not all excursionists "on any lake, anywhere" are pure of heart. One such excursion, it may be recalled, resulted in a book entitled *An American Tragedy*.

VIRGILIA PETERSON
New York City

'Hard Man'

To the Editor: After reading Al Newman's review of *Life's Picture History of World War II*, I've decided that he is a hard man and not a very fair one. I don't know much about the European theater, to which Newman devoted most of his wordage, but I nevertheless finished his review with the suspicion that he was pecking and sniffing at the caption material to avoid saying what otherwise must have been apparent: that *Life's History* is the best graphic representation of the Second World War in book form, and that it will probably remain so.

When Newman took off on *Life* for its war coverage, he chose a bad point of attack. I thought *Life* did a superb job on the Second World War, and believe it is doing an even better job on the conflict in Korea. Newman asks after *Life's* war correspondents, and says he cannot find one on the masthead today. Well, he must know that Bob Sherrod acted for both *Life* and *Time* in the Pacific and that Bob was one of the editors of *Life's History*. Bob's intelligence, integrity, courage, and, importantly, his humility among fighting men have never been questioned or doubted. Bob is still with *Time*, can be found on the masthead in its Washington bureau.

As for Hersey and Belden and the others, doesn't Newman want them to go on to other things?

GEORGE MCMILLAN
Aiken, South Carolina

Defending I. & E.

To the Editor: Recently I read an article in *The Reporter* in which the writer was extremely critical of the Armed Forces Information and Education Program for U.S. military forces. After three years of enlisted wartime service and over two years in this "new Army" I have been convinced that the value and thoroughness of the program depend chiefly on the emphasis the local unit commander puts on it as part of the training schedule of his organization.

The detachment I am a member of in Germany treats it as one of the most important affairs it has to deal with. Competent officers and N.C.O.'s conduct weekly I. & E. Hours dealing with the interpretation of the past week's national and world events, and, with the aid of pertinent movies and well-illustrated forums, our lecturers have succeeded in bringing about in the average soldier a curious and active interest in the subjects that the Armed Forces I. & E. Division have chosen for this program. I know of no other past unit that I have served in to take such an interest in the daily news broadcasts, the daily newspapers, and the weekly news magazines as my present organization, and I have no knowledge previously of the average G.I. who knew or cared so much of current affairs as these men in this EUCOM detachment.

This is in pleasing contrast to a Stateside company I belonged to a year ago in which the I. & E. program consisted of a rotating roster of sergeants detailed to read five minutes' worth of the assigned Army Talk late each Friday afternoon before the organization was dismissed for the weekend.

SERGEANT JERRY HELGESON
APO 169, New York City

On Luce and Edgar

To the Editor: I was surprised that there was no more serious challenge to the article "Taft and the Ohio Press" than the letters of Messrs. Luce and Edgar printed in your "Correspondence" columns of January 9.

Luce thinks your writer omitted criticism of the Cleveland *Press* and *News* because no criticism could be made of them, but it is my guess that author Petrovich thought the distortion in these papers was obvious. The *Press* and the *News* are technically quite inferior to the *Plain Dealer*. Their headline writers have limited vocabularies, and relied on such propaganda-charged words as REDS and LABOR BOSSES to make the people of northern Ohio believe that all the out-of-state money in the Ohio campaign came from labor unions and that all of the people who opposed Taft were Communist-duped or labor-dominated. (The papers were not always careful to distinguish between Communists and labor leaders, but the *Plain Dealer* split some fine hairs to disassociate Taft from his business support.) Although the *Plain Dealer* was more subtle, it nevertheless did its full share in creating the one-sided newspaper portrait of the Ohio campaign, as Petrovich correctly pointed out.

The *Plain Dealer* merited the emphasis your article placed upon it. It is the only large morning daily in this area. It is the only paper in northern Ohio, and one of the very few papers in the entire state, which is more concerned with national affairs than with murder. This interest in national affairs and its excellent make-up give the paper an apparent respectability that some people think is real. Like Luce, they do not see the serious contradiction of the *Plain Dealer's* suppression of an honest opinion, wrong as it may be, and its pious cheerleading of the crusade to distort labor's activities in the late campaign.

As for correspondent Edgar, it would be extremely interesting to know what is labeled distortion of fact by a person who thinks that the letters departments of the *Plain Dealer*, *Time*, and the Chicago *Tribune* are genuine forums of criticism.

DAVID W. MATHEWS
Macedonia, Ohio

Contributors

George H. Kerr, former vice-consul at Taipei, Formosa, is now on the staff of the Hoover War Library. . . . William W. Kaufmann is a faculty member of Yale's School of International Studies. . . . Theodore H. White reports from Paris for the Overseas News Agency. . . . Robert Dall is the pseudonym of an experienced student of Communist revolutionary tactics. . . . Eleanor Clark has been traveling in Italy on a Guggenheim Fellowship. . . . John Harriman writes for the Boston *Globe*. . . . William S. Fairfield is a farm columnist for a number of Midwestern newspapers. . . . Arthur Schlesinger, Jr., wrote *The Vital Center*. . . . Franz Schoenberner, who was the last anti-Nazi editor of *Simplicissimus*, the German magazine of political satire, wrote *Confessions of a European Intellectual* and *The Inside Story of an Outsider*. . . . Cover by Arno; photographs from Black Star.

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The Reporter
A FORTNIGHTLY OF FACTS AND IDEAS

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Editor & Publisher: Max Ascoli; *Assistant Editor:* Philip Horton; *Managing Editor:* Robert S. Gerdy; *National Affairs Editor:* Llewellyn White; *Copy Editors:* Al Newman, William Knapp; *Art Editor:* Reg Massie; *Staff Writers:* Robert K. Bingham, Douglass Cater, Richard A. Donovan, Claire Neikind, Gouverneur Paulding.

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Editorial

Formosa, The Test

To the Chinese Communists and Communists all over the world, to the Chinese Nationalists and their passionate advocates in the United States, to Asian nationalists, and to our European allies, Formosa has become the symbol of clashing ambitions and fears. The reality behind the symbol are the people of Formosa. We do not hear much about them: They seem merely accessories to the contested land.

As the article that follows explains, the six and a half million native Formosans reached a far higher level of economic development, literacy, and general well-being during the fifty years of Japanese occupation than their Chinese brethren on the mainland. They already know how hard a price people sometimes pay for the fulfillment of high-sounding political principles: In 1947, not even two years after their long-awaited "reunion with the mother country," Chiang Kai-shek's soldiers wantonly murdered thousands upon thousands of them.

If their island is given to Mao, the Formosans who survive the purges will be "re-educated" to confess the sin of having led what they thought were honest lives. If Mao's armies move to wrest Formosa from the Kuomintang, the Formosans can see in Korea what lies ahead of them.

Since the President's decision to send the Seventh Fleet to police the island waters, our government's policy toward Formosa has not been endorsed by any one of our allies and has aroused suspicion in all the Asian countries. The United States can now retrieve its position by proposing that the Formosans be given the opportunity to express their wishes in a plebiscite conducted under U.N. supervision. The islanders may decide on Mao, or on Chiang, or, as is infinitely more likely, on an independent government.

The Cairo Declaration, whether invoked by Chiang or Mao, does not compel us to carry civil war or its bloody aftermath into Formosa. We cannot, even by acquiescence, become the purveyors of wreckage and anguish to a peaceful people. In this ghastly conflict with international Communism, we have to establish sometime, somewhere, the principle that governments and ideologies are made for men. Because of the location of their land, we failed the Koreans. We cannot fail the islanders of Formosa.

A proposal to let the Formosans decide the status of their island would be bitterly resented by both the Communist and the Kuomintang Chinese, and also perhaps by the deeply nationalist Asian nations —particularly India. Asia's nationalisms seem to be tied by a strange solidarity that cuts across the conflict between Communism and democracy. The people of the West have had a longer experience with nationalism and know how bloody it may become when it imposes, as it did in Germany, its own criteria of national or racial uniformity. The case of the Formosans offers us the opportunity to impress on our nationalist friends in India and elsewhere in Asia the fact that the people's claim to self-determination and a decent, peaceful life is at least as important as that of national unity.

We want, as our government saying goes, to establish positions of strength—and we must. But we can also, acting with and through the U.N., use our power to create situations of peace wherever we can in the world, to subtract millions of human beings from the devastations of revolution and war.

The establishment of situations of peace guaranteed by our and the U.N.'s strength can make it unmistakably clear to the befuddled people of the other continents where we stand and where the enemy stands. More than protocol or ceremonial, peace is a condition of life. If we can bring about and sustain this condition of life in some sections of the world, we need not worry much about the Russian campaign for "peace."

The Communists mark areas for aggression and disturbance; we can work for internal and external peace in every area where we have a chance of success. There are several places in the world where we may still be able to protect the people from misery and war—the Middle East, for instance. With the kind of enemy we have, peace is not going to come all of a sudden—a peace-at-large that gives its benefits to the whole world. It may come in spots, wherever our moral and military strength can make itself effective.

Formosa can be the test. —MAX ASCOLI

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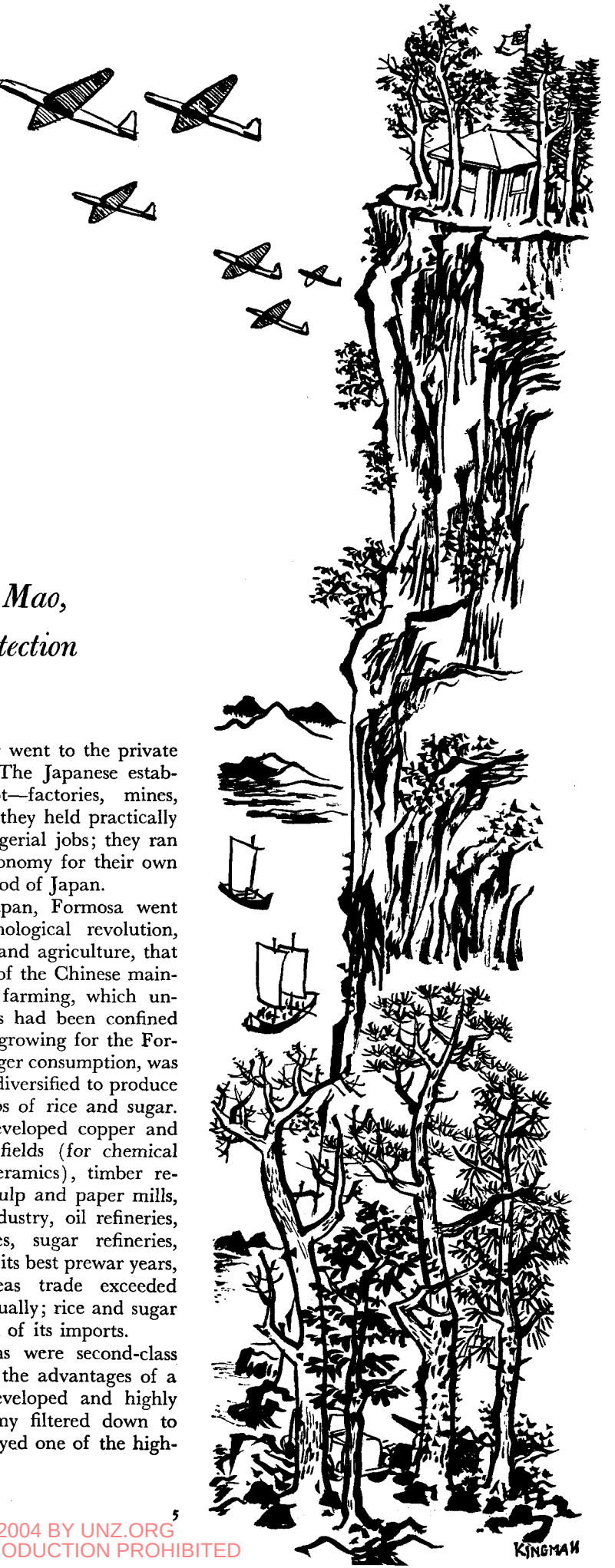
The Way Out: Formosa

For the Formosans

Misgoverned by Chiang, threatened by Mao, the islanders look to the U. N. for protection



Formosa today has two populations: one, the six and a half million native Formosans, almost all of Chinese descent; the other, a million and a half recent exiles from the Chinese mainland. Almost half of the latter are directly associated with Generalissimo Chiang Kai-shek's army, his secret service, or his phantom "National Government." Among the rest are a number of scholars, technicians, and nonparty administrators, hundreds of wealthy merchants, and thousands of carpetbaggers and coolies from the port cities of China. These last are in constant conflict with the native Formosans whom they have replaced in city jobs; they have no families and little property, and for them one government is just as good as another.

Under Japan

For fifty years, from 1895 to 1945, the natives of Formosa lived under a harsh but efficient Japanese occupation. The Japanese made no bones about how they regarded the island; they were completely and frankly imperialistic. Under their rule, most of the spoils of the Formosan economy were either directly taken over by the Emperor's administration or went to the private Japanese trusts. The Japanese established—and kept—factories, mines, and plantations; they held practically all the top managerial jobs; they ran the Formosan economy for their own profit, and the good of Japan.

But, under Japan, Formosa went through a technological revolution, both in industry and agriculture, that put it far ahead of the Chinese mainland. Formosan farming, which under the Manchus had been confined to primitive rice-growing for the Formosans' own meager consumption, was modernized and diversified to produce large export crops of rice and sugar. The Japanese developed copper and coal mines, gas fields (for chemical and industrial ceramics), timber reserves, lumber, pulp and paper mills, a light-metals industry, oil refineries, fertilizer factories, sugar refineries, textile plants. In its best prewar years, Formosa's overseas trade exceeded $250 million annually; rice and sugar alone paid for all of its imports.

The Formosans were second-class citizens, but still the advantages of a comparatively developed and highly organized economy filtered down to them. They enjoyed one of the high-

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est living standards in the Orient. Most villages were electrified, even if electrification meant only a single light bulb for a home. Many of them were trained for skilled jobs, and some occupied minor managerial positions. More than half—a percentage far higher than that on the Chinese mainland—learned to read and write. They were free from the epidemics and plagues that swept the mainland.

Even so, the Formosans resented the harsh Japanese rule, for they were given no self-government and were looked down upon as colonials. When Japan surrendered in 1945, the Formosans expected an era of self-rule in which they would control their own economy and co-operate in building a new China.

Liberation

To this island, in the fall of 1945, Chiang sent Chen Yi, a general who had run up a notorious record as military governor of Fukien Province, and an entourage of undeniably talented bureaucrats who were interested in plunder, not in Formosan prosperity. Setting themselves up as "commissioners" of mining, finance, industry, communications, and so on, these men promptly took over the entire former Japanese-run economy. They reorganized all former Japanese enterprises into branches of gigantic, all-embracing monopolies, appropriated the property that the Japanese had originally wrested from the Formosans, and concocted a bewildering set of industrial and commercial restrictions, fees, and penalties.

Under this peculiarly Nationalist Party form of statism run riot, the Formosan economy cracked. Within a year, most middle-class Formosans were on the verge of bankruptcy; unemployment was mounting; the mainlanders plundered everything they could get their hands on—from thousands of tons of sugar appropriated by the top bureaucrats to bicycles stolen by Chinese soldiers who at first carried them on their backs because they didn't know what they were for.

In the wake of Chen Yi and his personal escort, mainlanders began arriving in Formosa in waves—first relatives and friends of the bureaucrats seeking jobs that had been held by Formosans; then coolies from the diseased and illiterate masses of Shanghai's slums.

Bad as the Japanese colonial tyranny had been, it had never been so oppressive and disorderly as this. Each of the "commissioners" organized his own police force, which, either in competition or co-operation with the others, extorted its full share of exactions, blackmail payoffs, and bribes. The Formosans soon felt that they had merely exchanged efficient Japanese for inefficient Chinese overlords. "The dogs have gone and the pigs have come," they said.

It was hard for the islanders to hide their contempt for most of the mainlanders, who were so obviously unaccustomed to the highly organized life of the island. Sturdily and often at great risk, the Formosans pressed for their legal rights. Even the older and more conservative ones, through their People's Political Council, criticized the government. The men from the mainland were baffled to find these despised colonials so different from the docile, illiterate peasants and coolies they had been accustomed to exploit. Chen Yi and his aides became more and more openly antagonistic to all Formosans. By the end of 1946, Americans in the Formosa Advisory Group were predicting serious uprisings against Chen Yi.

The March Massacre

In February, 1947, some armed agents of the tobacco monopoly clubbed a woman cigarette peddler with the butts of their pistols. It was not an uncommon incident, but this time it triggered a series of sporadic riots. Conservative Formosans, strongly opposed to violence, tried their best to persuade Chen Yi to make some reforms. Under pressure, he promised to bring no more troops to Taipei, the Formosan capital, and to eliminate gradually the roving military police patrols. But at the very moment he was broadcasting this pledge, Kuomintang troops were marching on the city from the south.

With the whole island in a state of anarchy, with Nationalist troops machine-gunning crowds in the capital, Formosans in every town and village persuaded or forced Nationalist officials to give up their jobs. A small committee of leading Formosans, mostly conservatives and still loyal to Chiang, tried to bring the corruption of the Chen Yi administration to the attention of the Generalissimo and the world. They drew up a list of demands, including the election by Formosans of their own magistrates and mayors (to end the police abuses), the abolition of special armed police forces, the admission of Formosans to higher posts in the régime, and the dissolution of the monopolies. Chen Yi's answer came swiftly. The very night the demands were presented, thousands of Kuomintang troops swarmed into Taipei and began the now-famous March massacre, in which ten thousand Formosans were slaughtered. The first to be killed were members of the Formosan committee, because their criticism had caused Chen Yi to lose face. Many of the other victims were professional men, technicians, lawyers, and students—the people best equipped to provide the island with leadership. All over the island, there was general terror, wholesale bayoneting, rape, and robbery.

The Formosans appealed to Chiang, who responded with a speech in Nanking defending Chen Yi's rule. They sought to invoke American or U.N. mediation, but Washington refused

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on the ground that Formosa was an already settled territorial problem; at the time some leading State Department Far Eastern experts indicated that neither the United States nor the U.N. would ever be interested in Formosa. After a time, Chiang replaced Chen with a routine civilian bureaucrat, but it was not until December, 1949, with the appointment of K. C. Wu—the enlightened and somewhat paternalistic former mayor of Shanghai—as provincial governor that some principles of good management were brought into the administration of Formosa.

Yet the island has not recovered from the deep wounds of 1947. The massacre effectively killed any loyalty the Formosans had for Chiang or the Nationalist régime. But it has not made them go Communist, for they are warier than ever of mainland control. They know that Mao, for all his proclamations about their welfare and "liberation," would treat them at least as ruthlessly as Chiang had. At the height of the massacre, a woman Communist leader could persuade only fifty Formosans to follow her in a flight to the mountains.

Assets and Liabilities

On August 29, 1950, when the United States did not object to putting the Formosa question on the agenda of the U.N., this was its first official acknowledgment in that body that Formosa was not an already settled territorial problem.

By so doing, the government took official cognizance of the fact that Formosa and the conflict over it represent extreme dangers to the peace of the world. When the President ordered the Seventh Fleet to neutralize Formosa on June 27, 1950, he took a step in what may become an attempt to utilize the military forces on Formosa in the interest of peace and the Formosans.

In many ways, Formosa is admirably equipped to defend itself. The Japanese left fifty-two airfields, two naval bases (including submarine facilities and drydocks), two well-developed commercial ports, and smaller harbor works, as well as a third naval base on the nearby Pescadores Islands. Supporting these installations is a network of roads, railroads, and telecommunications set up with an eye to military defense. The island also has a vast acreage of military barracks and training facilities.

As for manpower, the Nationalist ground forces, now commanded by Lieutenant General Sun Li-jen, may number as many as 500,000 men, if all armed services and their supporting elements are included. This army is often referred to as the largest anti-Communist military force in being, and pro-Chiang propaganda sources have described the foot soldiers as tough men "thirsting" for contact with the Communists and eager to be transported to invasion beachheads on the mainland.

Private communications from Formosa suggest, on the contrary, that many of the exiled conscripts are thirsting for nothing so much as transportation to the mainland plus further transportation to their own provinces and villages. Most of the men under arms were dragooned into the ranks and were routed from province to province in Chiang's flight southward. Taken off to Formosa willy-nilly, after Nationalist resistance collapsed at Nanking, Shanghai, Canton, Hainan, and the Chusan Islands, they arrived poorly clothed, ill-disciplined, and ill-fed. In spite of some recent progress, by and large they still are.

Furthermore, press dispatches from Formosa repeatedly warn that the rest and execution of scores of field-grade officers, including generals, most notably a Vice-Minister of Defense and the Director of Conscription.

Purges such as these are represented by Chiang as a strengthening of his military machine; from this side of the Pacific, they indicate a military organization riddled with disloyalty.

But there is a more encouraging side to the picture. First of all, during 1950, General Sun is reported to have worked a great improvement in the discipline and morale of his soldiers. The success of the Communist troops in Korea has shown that, under competent leadership, Chinese peasants make a tough army; and General Sun, unlike most Nationalist commanders, is a competent leader. If the United States showed the Formosans that it is more interested in them than in Chiang, General Sun could begin the large-scale recruiting of Formosan conscripts. Up to now this has been impossible, for Chiang has been reluctant to put guns in the hands of Formosans.

As early as December, 1946, Formosan leaders were demanding creation of a home guard, on the ground that they had no Chungking to retreat to in an emergency. The reform program presented on the eve of the March massacre called for the greatest possible recruitment of Formosans, though it specified that their duty be limited to the island.

Communist government is having more success with its subversion campaign among the exiled conscripts and their officers than among the Formosans. Official releases put out at Taipei during 1950 told of the ar-

From 1946 to 1950 there was sporadic conscription of Formosans, but they never totaled more than a few thousand. One interesting thing is that

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the Chinese officers were delighted to find that many of the recruits could serve as mechanics and maintenance men for the air force. A good number of Formosan youths had become familiar with machines and planes—thanks to their work under the Japanese. They were pleased with such jobs until they discovered the conditions of the Nationalist armed forces.

Conscription was announced in 1950. Lists were open for four thousand Formosan volunteers to be trained in advance of a March conscription of 35,000. Soon after the volunteers (there were far more than enough) were taken into the Nationalist Army, the whole project disappeared from the news. On December 10, General Sun announced that the Formosans had been discharged because of "budgetary difficulties," but he remarked at the same time that they were keen recruits, learning more quickly than the mainland Chinese, "probably because all could read and write." News dispatches added that "Formosans in the ranks were said to have violently objected to being mustered out of service . . ."

The situation is clear. Formosans are willing to fight in defense of their home island, their villages, and their farms against a Communist attack. They will not fight to support Chiang or in support of an invasion of the continent. But if the Chinese Army were reduced to its fighting core, and if Formosans were welcomed into it, General Sun could have a force which would have a much better chance of repelling any Communist assault than the present "invasion" army.

On the political and economic side too, there are liabilities and assets on Formosa. The chief liability, of course, is the National Government of Chiang Kai-shek, which in fact governs little more than the army, the secret police, and the Nationalist representatives abroad, and which oversees the provincial or island government headed by K. C. Wu.

This government is an asset. Wu is far and away the most competent provincial governor appointed by Chiang since the beginning of the mainland occupation. More than any other prominent Chinese administrator, Wu has shown that the mainland Chinese, if their attitude is right, can win the co-operation and friendship of the Formosans. Inheriting a civil administration whose framework was set up by the Japanese, Wu made 1950 a banner reform year both in political direction and economic rehabilitation. He brought many able Formosans into the administration at all levels and instituted a new election system which promises to give the Formosans an effective voice in local government. He has made genuine efforts to reduce graft and corruption and get production rolling again; ECA officials report that he is a co-operative and clever administrator.

The Alternatives

But Governor Wu, like General Sun, has had to trim his program to suit the narrow views of the Generalissimo, who prefers the secret police to the ballot, and grandiose visions of himself reinstated as master of China to a realistic appraisal of his own position.

As long as Chiang remains in personal control and is permitted to treat the island as a duchy, Formosa will remain a liability that the U.N. has unmistakably refused to endorse and that the United States had better write off at once. If Chiang is persuaded to step aside or at least put his leadership to the test of a popular vote, a U.N. commission could go to Formosa to arrange a plebiscite in which the pretenders to Formosan rule could take their case to the people.

It is clear that the Formosans would reject both Chiang and Mao and choose a U.N. protectorate, if they were sure they would not be exposed to revenge. But their expression of their own will in a plebiscite can be made so public and so unmistakable that the Communists could never maintain before the world that the election was just a farce engineered by "western imperialists."

An outpost in the Pacific, firmly established under its auspices, would help the U.N. regain some of the prestige it has lost by its recent setbacks in Korea. If Mao wants peace and self-determination, this would be his chance to prove it. Of course it is too much to expect that Peking would subdue its greed sufficiently to allow the Formosans to decide their own future without protest or, possibly, aggression. However, freed of Chiang, Formosa would present Mao with a far more formidable obstacle than the exposed U.N. forces in Korea. Fortunately, there are many mainlanders on the island who care for the Formosans—and who want to see at least a segment of the Chinese people free from totalitarianism.

The idea of the plebiscite should not arouse antagonism in the democratic nations of Asia. Indeed, their co-operation is necessary to guarantee to all of Asia that the plebiscite is fair. This would not be a mere act of anti-Communism but an effort to protect people who do not want to be swallowed up by the Communists—a situation that, given the drift of events in Asia, all Asian non-Communists may be forced to face in their own countries.

—GEORGE H. KERR

Formosa and the Formosans have been Mr. Kerr's principal field of interest for many years. He studied in Japan and Formosa before the Second World War, and served as a specialist on Formosa for both the War and Navy Departments. In 1945, as an assistant naval attaché assigned to Formosa, he witnessed the Japanese surrender and the subsequent establishment of the Nationalist régime there, and after this remained on the island until 1947 as United States vice-consul and Foreign Service staff officer.

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To Avoid Encirclement—

Keep the Balance of Power

The tremendous Red onslaught in Korea has not only revealed the implacable animosity of China and the Soviet Union toward the West; it has also started an elaborate debate regarding our future strategy. General Douglas MacArthur and, it would seem, Senator Robert A. Taft think only swift, massive action in Asia can retrieve our position and that action there must have first priority. Britain and France have begged us to reduce our commitments in the Far East, come to an agreement, if that is at all possible, with the Communist government in China, and concentrate on western Europe. Herbert Hoover and Jospeh P. Kennedy demand that we forgo even this to build up the defenses of the Western Hemisphere.

It would be desirable, no doubt, to experiment with all the alternatives, but we have neither the resources nor the time for elaborate tests. We must make a prompt choice—on the basis either of spontaneous insight or some criteria already established.

There are certain constants in the realm of world politics that we can ignore only at great risk. Among these are the structure of, and competition for, power. It is, of course, possible to imagine a universe in which national power plays little or no part. But the inhabitants of the world today are still dedicated to a variety of conflicting ends and means, and they continue to struggle for control over the human and natural resources necessary to reach their goals. Under these circumstances a country such as ours cannot help but engage in a long-term process, known as the balance of power, to prevent any single state from gaining sufficient strength to overwhelm the rest of the world.

If we are to provide for the security of the United States and at the same time uphold the principles of the United Nations, there are certain characteristics of the world that we must impress upon our minds. The first is the distribution of human and natural resources. The United States, with a population of over 150 million people, the majority of them highly skilled, with an unparalleled industrial machine, and the resources of Canada and Central and South America to draw upon, stands as the greatest single center of power ever known to history.

Competing with it is the gigantic Eurasian land mass. Its population is over five times as great as ours, and its energy output—the basis for its capacity to produce—is already as large.

If it were united, Eurasia could not only outstrip the United States in the competition for power; it could also reach us with that power. Without access to the great Eurasian rimland areas of western Europe, India, Southeast Asia, and Japan, we would be almost encircled and subject to attack upon many fronts.

But the fact is that neither Eurasia nor the Western Hemisphere is united. The United States has assumed a position of hegemony in the New World, but we do not automatically command the resources of the area, nor are we assured of its sympathy in the event of overwhelming pressure from without.

The political structure of the Eurasian land mass is somewhat different. Western Europe, containing the great industrial complex of the Ruhr, and with its African appendage, represents one of three great concentrations of power in the area, but western Europe is divided into a sizable number of states with varying resources at the command of each. The Far East, a second nucleus of power, likewise consists of a multiplicity of units, with Japan, and to a lesser extent India, holding significant industrial potential. China, with a vast reservoir of manpower and raw materials, has not yet succeeded in combining the two to achieve more than local influence.

The Soviet Union, the third great center of power, alone has reached a position similar to that of the United States. Looming over Eurasia, it is now capable of exerting control over both extremities of the surrounding land mass. Its willingness to do so now seems beyond question.

A final characteristic of world politics concerns the dimensions of power. The concept of power is an elusive one. The power of the United States relative to the Soviet Union consists in part of American skills and productive capacity; it consists also of our spirit and determination, and of our ability to make these felt in specific areas of the world.

The power of the United States and the security of its people depend to a very great extent on our capacity to prevent the Eurasian land mass from being consolidated against us. In an age when the need for armies and navies still is great, when the efficacy of global strategic bombing remains uncertain, this means that at the very minimum we must struggle to retain footholds in Europe and Asia.

According to the niceties of the balance-of-power theory, if the Soviet Union were to attempt to expand into any one of the other centers of power on the Eurasian land mass, the remaining units, including the United States, would swing to assist the one menaced. This, in effect, is what happened in the last war: however tardily, Hitler was

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prevented from consolidating his position in Europe.

Now the Soviet Union has taken the place of Nazi Germany, but the states of western Europe and Asia are incapable of playing independent roles in the balancing process. Weak and divided as a consequence of the last war, they cannot muster the strength to defend themselves, yet they retain their value as prizes to an aggressor.

The United States has attempted in part to remedy this defect by providing economic assistance to western Europe, and the participants in the Marshall Plan now possess the economic foundation upon which to build an effective military force. The prospects in the Far East are less encouraging. There were few stable governments for us to work with, and we have been unwilling to match the Marshall Plan with a similar program in Asia. The consequence has been that China has fallen under Communist control, our effort to stem the Soviet tide in Korea is on the verge of collapse, and Indo-China and Malaya seem almost certain to become the next targets of Communist imperialism. We are left with Japan, Formosa, and the Philippines, and under present circumstances it is quite possible that we shall not be able to control these areas without a very large commitment of resources.

The situation, then, is this: Of the two great centers of power outside the United States and the Soviet Union, western Europe has regained a large measure of its economic capacity but is still incapable of fashioning its own defense; much of the Far East has already fallen into the hands of the Soviet Union and its partner China. A disequilibrium is thus in the making which, if it is not halted and reversed, will have catastrophic consequences.

A decision, such as Mr. Hoover and others advocate now, to let western Europe fend for itself and somehow to hold outposts in Formosa, the Philippines, and Japan, contains assumptions about the future that its advocates obviously have not fully considered.

First there is the assumption that western Europe cannot be held. There is the further assumption that its loss will not materially affect the balance of power between the United States and the Soviet Union. And there is the final assumption that the United States, protected by the Atlantic and Pacific Oceans (but with an exposed Arctic frontier), can defend itself against the combined resources of western Europe, the Soviet Union, and the Far East.

It is true, of course, that western Europe still suffers from war weariness and uncertainty, and that it lies under the shadow of the Soviet Union. In strengthening its defenses we run the risk of precipitating a Soviet attack and losing our investment; but if we do not make the effort, we run an even graver risk—that of surrendering the Eurasian land mass to our opponent.

Guessing Russian intentions is not easy, but it does seem fairly clear that the Kremlin has refrained from invading western Europe not because of any regard for the United States or its friends. The animus, we know, is there; apparently the capacity to exploit it profitably is not, so our risk is perhaps slightly smaller than it at first appears. The prospective advantages, on the other hand, are very great indeed: We retain allies with decisive assets and we prevent the balance of power from swinging in favor of the Kremlin.

But if we make this grave commitment in Europe, what can we do in the Far East?

The conquest of western Europe would provide an immediate windfall for the Soviet Union; the Communist conquest of Southeast Asia and the reduction of Formosa, the Philippines, and Japan—if even they remain within our orbit—to the role of permanent American pensioners will have less immediate but equally ominous effects.

Yet the Korean campaign has indicated that we cannot fight peripheral wars in the Far East with any measure of success. The same sort of campaign in Indo-China or Malaya would consume manpower that we either do not have or need badly elsewhere. And in all likelihood it would fail.

One alternative is to strengthen our bases off the Asian mainland. We could provide further military and economic assistance to the Philippines and Formosa; we could refurbish the industries of Japan and rearm its people. But if we limit our policy thus, we surrender Southeast Asia, we permit Mao to complete his grip upon China, and we place our dependence entirely upon territories economically and socially bound to the Asian mainland. Such a policy would be extremely costly, and its chances of success poor; for Communism could still move with corrosive effect into our Pacific bastions.

Another alternative, and one that finds much popularity now, is to come to terms with Mao. Two assumptions lie behind this alternative. The first is that since we are giving first priority to Europe, we must accept the situation in Asia and salvage what we can by the magic of a negotiated settlement. The second assumption is that Mao may develop separatist tendencies in the manner of Marshal Tito.

The principal risk here is that a settlement (which would probably involve giving Mao Korea and Formosa) would stick only as long as Mao found it useful. Since it is difficult to believe either that Mao and his clique are not subservient to the Kremlin or that they will refrain from trying to extend their empire, the risk is very great. The evidence does not indicate that we have fallen so low in the scale of power that we need to run it.

If we exclude the possibility of a major war with China—on the ground that our principal interest lies in Europe—this does not mean that we need ignore a third alternative: that of improving the economic and social conditions of the islands now within our sphere of influence (under the auspices of the United Nations, if possible), while rearming their populations and preparing to conduct air, sea, and guerrilla warfare against the Chinese if necessary.

Admittedly such a policy would be expensive. Large elements of the American Navy, a sizable Air Force, and much material would be required. But manpower, our scarcest resource, would not be heavily committed.

What return could we expect? The greatest would be facing Russia with the threat of a two-front war. Instead of the New World being surrounded, the Soviet Union would be. Moreover, action of this sort would go far to prevent Mao from consolidating his hold upon China. Faced with a blockade, bombings, and internal difficulties, he might find it impossible to move to the southeast. Certainly the resources at

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his disposal would not multiply sufficiently to make him a graver threat than he now is; and the possibility of his undermining the American position in Japan, Formosa, and the Philippines would decline materially.

Like all policies, this one contains risks. That of Russian intervention in China is more apparent than real. Soviet armies marching into Peking would hardly alter the situation. The appearance of Soviet air and sea power we would presumably welcome, since it would take place on our terms and give us the opportunity to fight with the weapons we are best able to produce and use.

The risk of Soviet retaliation in western Europe is more serious. It is at least conceivable that action by us against China would be interpreted by the Kremlin as a sign that we are now willing to take the most resolute measures against Communist territories whenever and wherever we can. Under these circumstances the occupation of Europe while it is still defenseless would be a logical response. But if at first glance this prospect seems intolerable, we should remember two things: first, that the Soviet Union has refrained from such a move not because the provocation was lacking but because the United States has powerful retaliatory weapons; and second, that limited warfare against China would be no more provocative than American mobilization, large-scale implementation of the North Atlantic Treaty, or the rearmament of West Germany. If the Politburo wants excuses for invading western Europe, it has many now.

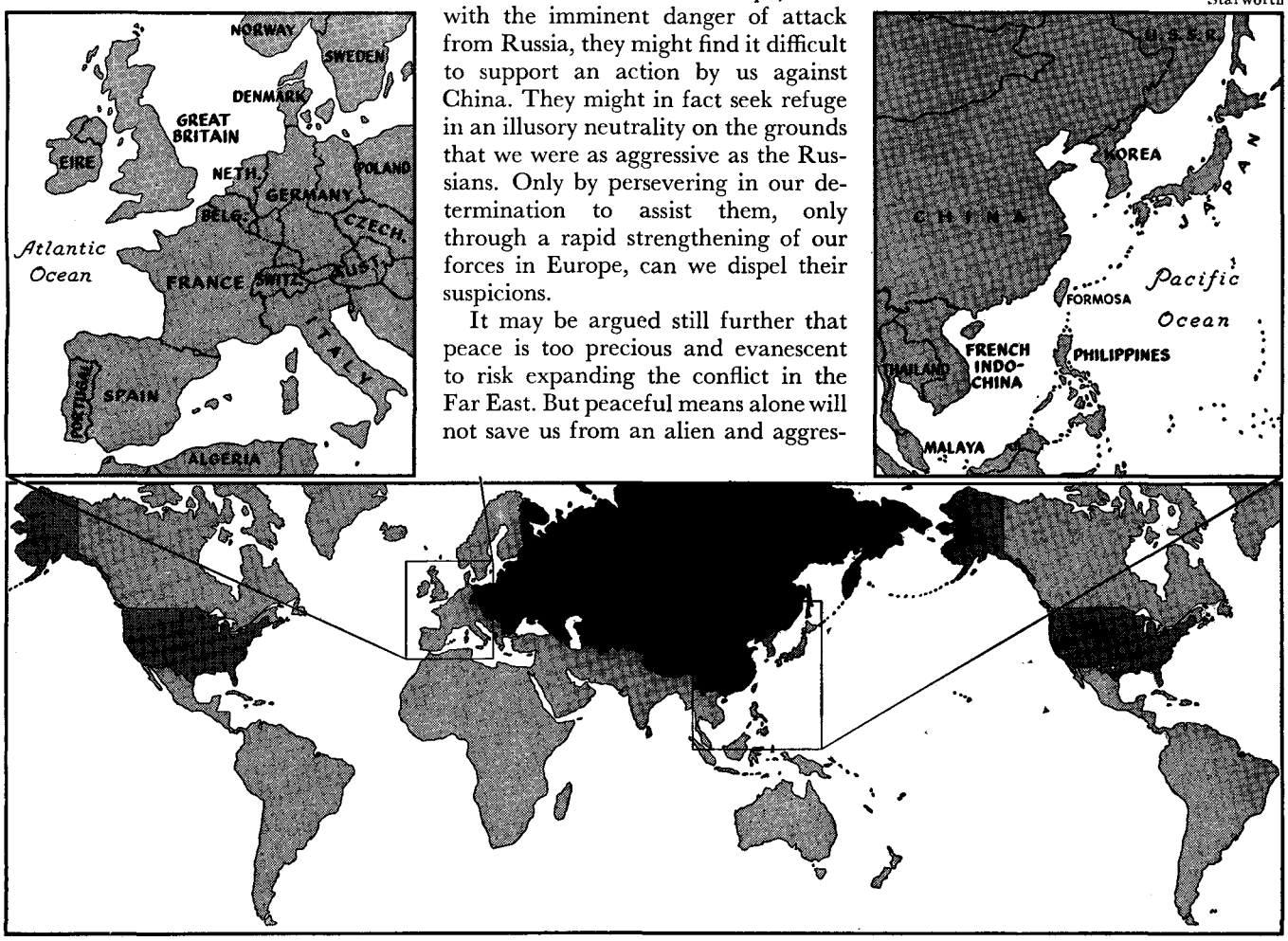
The greatest risk to a more active Far Eastern policy would come not so much from the Soviet Union as from our allies in western Europe. Overcome with hesitations about the fixity of American devotion to Europe, faced with the imminent danger of attack from Russia, they might find it difficult to support an action by us against China. They might in fact seek refuge in an illusory neutrality on the grounds that we were as aggressive as the Russians. Only by persevering in our determination to assist them, only through a rapid strengthening of our forces in Europe, can we dispel their suspicions.

It may be argued still further that peace is too precious and evanescent to risk expanding the conflict in the Far East. But peaceful means alone will not save us from an alien and aggressive ideology; nor would withdrawal to the mock safety of the Western Hemisphere. The competition for power requires us to engage sooner or later in the balancing process. The manner in which the resources of the earth are distributed and the nature of the weapons available today dictate that we should keep Europe from falling into Soviet hands and prevent the consolidation of Communist domination in Asia. The alternative means for the attainment of these ends may still be debated; the ends themselves hardly seem open to doubt.

If we maintain the frontiers of our interest in the rimlands of Europe and the Far East we may yet avoid another major war; or if war at last befalls us we shall have friends at our side and an enemy of manageable proportions within reach. If we choose to regard ourselves as a new Atlantis, like Atlantis we may sink in a hostile sea.

—William W. Kaufmann

Starworth



The Eurasian land mass and its vital extremities

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The Job Eisenhower Faces:

The Tangled Skein of NATO

LONDON

From high in the night skies, the two sprawling cities have a glowing kinship. The same yellow lights mark the outlines of the streets—winding through the velvet blackness of homes, or kinking at crossroads in bursts of red, green, or blue neon that mark shopping centers or theaters. The throughways of London cleave across the suburbs channeled by intense green-blue arc lights; the great arteries pouring into Paris are luminous with golden-yellow arc lights. This is the only difference. The stars and the night are the same.

Beyond the rim of the ground glow is darkness. And beyond that, danger.

London is worried by the night skies. England has been practicing air defense since last summer. From the time the first alert operator picks up the pip of an enemy jet on the radarscope until it reaches the glow of London, only twenty minutes elapse: twenty minutes in which the operator must phone his report, headquarters must call the fields, the pilots must scramble, and the plans must climb to 25,000 feet and find out whether the pip is bearing on London, Scotland, or the Midlands.

Paris has neither anti-aircraft nor the English Channel to protect her, and her worries are even more intense. The nearest Russian divisions are closer to Paris than Pittsburgh is to Boston. Between Paris and those Russians are eight, possibly ten, friendly divisions. How long can those divisions fight?

These are the worries that press upon statesmen and generals, mothers and fathers in western Europe. They are not new. What *is* new is the sense of urgency, the feeling that any accident may trigger the forces stacked up beyond the rim of darkness—and the sickening knowledge that more than two years have been wasted in coming to grips with reality.

The only strategic defense that western Europe can make against a Communist society that lives permanently in arms is to bind itself to the resources and vigor of the United States and Canada. To do this, two years ago, the powers of the West bound themselves together in the North Atlantic Treaty.

The best measure of all the effort of the western world to rearm itself since then is one simple fact:

When General Eisenhower took command of Europe's defenses, he found at his disposal on the continent precisely the same number of divisions he would have found in 1948.

It is true that some American arms have been sent to Europe (chiefly to France) and some rearmament has taken place (chiefly in Britain), but if, in 1948, Russian standing strength in Europe stood at six to one against the Allies, the most that can be said is that today it stands at six to one and a half.

No one knows exactly what strength the Russians have massed behind their wall of secrecy. Much hysterical nonsense is printed about Russian strength, the most widely published figure being 175 divisions. These "divisions" include artillery divisions, engineer divisions, and low-grade infantry divisions, along with crack guards and armored divisions; and all are smaller than western divisions. By our measure, the Russians may have between seventy and eighty divisons in their standing army, with perhaps twenty-five close to the line that divides Europe.

To face this Russian mass, General Eisenhower has taken over a "European Army" of eight scattered divisions—three small French divisions, two first-class American divisions, two British divisions, and one division of bits and pieces (Norwegians, Danes, Belgians). On paper, of course, General Eisenhower can add scattered British brigades and American regiments on garrison duty from Berlin through Vienna to Trieste. These, however, would be wiped out in the first week of war.

With these eight divisions, General Eisenhower must hold a line of 450 miles running from Hamburg to Switzerland, which his political superiors require him to defend as far forward as possible. Half a dozen paper plans, all

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secret, have been prepared to meet this problem. Three or four timetables have been prepared, but under the impact of such events as Korea they change constantly.

The strategic thinking of the western generals in Europe is secret, as it should be, but in its broadest outlines it cannot be concealed. For the generals, the map is corrugated into a series of bastions and avenues of approach. In the south, the line is pinned by Switzerland, which, despite its size and historic neutrality, has the finest army in western Europe today. In the north, the Westphalian industrial complex, from the Ruhr to Hamburg, must be held at all costs. In the center is the weakness: the slender waist of occupied Germany around Frankfurt, where only 150 miles of easy, rolling country separate the Russians on the Thuringian ridges from France on the Rhine. No one thinks in terms of holding a fixed, continuous line. The dominant idea is to let the Russian columns develop their thrust across the German plains until they show their objectives, then pinch them off, and, if possible, counterattack.

As it stands today, the entire idea of western defense is chimerical, a fact that must be painfully obvious to Eisenhower. His very first action is thus foreordained: to find out whose desks he must pound to get the troops so easily promised by all the allies this summer. Western planners have set as their 1953 target between fifty and sixty divisions in Europe (not counting those in Italy), divided roughly into thirty on the line and thirty ready to go at a month's notice.

Between that distant target and today's cold reality, however, Eisenhower's prospects are bleak indeed. He will receive another British armored division in Germany this spring; he will probably get another American division too, bringing his troop strength to ten divisions. In near reserve there lie two and a half divisions in the British home islands, two divisions in France, and one in Belgium. But these slim reserves are not to be placed at Eisenhower's disposal immediately.

Eisenhower must therefore consider how best to wring action out of promises. The French have promised a total of ten divisions in Europe by the end of 1951. (Five new French divisions are to be added each year in 1951, 1952, and 1953.) The British program of ten regular divisions will add another five to Eisenhower's strength because half of them are needed for the Commonwealth. But they have promised to provide twelve Territorial divisions (similar to our National Guard) on thirty-day notice by the end of 1951. Americans talk of having five to ten divisions in Europe, war in Asia permitting, at an unstated time.

The bank at which Eisenhower will try to cash his promises is called NATO.

NATO—which stands for North Atlantic Treaty Organization—is a recognition of the fact that the democratic powers can be safe only if they pool their common resources.

At the present moment it can fairly be said that NATO is the most baffling and confusing of all alphabetical monstrosities. Conceived originally as a sacrament of common faith, NATO has grown into an arms-aid program, dabbled in rearmament, toyed with military planmaking, erected a continuing circus of Ministerial meetings, and produced a record which Winston Churchill fairly summed up: "Committees are multiplied, papers are read,

Heir to disaster: French Communist Jacques Duclos

words are outpoured, one declaration succeeds another, but nothing in the slightest degree in proportion to the scale of events or their urgency is done. NATO in short can do anything but act —and that is precisely what it is called on to do at this moment."

The normal thread of analysis of any such body is to seek those who make the decisions and then find who has the authority to execute them. In NATO this leads almost nowhere. High in the superstratosphere is a constellation of committees: a council of twelve Foreign Ministers, a Finance Committee of twelve Finance Ministers, a Defense Committee of twelve Defense Ministers, a Military Committee of twelve Chiefs of Staff. Under them are subcommittees, boards, and working staffs, regional planning groups, and task forces. Beyond these, NATO has twined itself into co-operation with the alphabetical jungle of the Marshall Plan, starting with OSR and OEEC, and running down through its net of lower committees. The great Ministerial committees meet sporadically several times a year in Washington, New York, London, Paris, The Hague, or Brussels. The smaller committees have permanent homes in London, Washington, and Paris.

The most important working group in NATO is the Council of Deputies, a permanent body that acts as a receptacle into which all the high- and low-level committees dump problems defined by the woolliest agreements or tangled in hopeless dispute. The Council of Deputies, which is supposed to grind out answers, sits permanently at No. 19 Belgrave Square in London—a frigid, draughty building whose parlors and dining rooms have now been furnished with a series of baize-covered tables, each large enough to seat at least twelve men.

Twelve is NATO's magic number. Twelve powers signed the North Atlantic Treaty, and each has insisted on a spokesman on every major committee. Iceland, Portugal, and Luxembourg must gravely consider with America, Britain, and France all things from German rearmament to the sharing of raw materials. The Council of Deputies, whose prime duty is to squeeze fifty to sixty divisions of fighting manpower out of the combined resources of the great partnership in the next two years, theoretically must wait until Luxembourg and Iceland, Portugal and Denmark have been convinced into unanimity.

Given its directives and organization, the wonder is not that the council has achieved so little but that it has

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achieved even what it has. To date, its crowning achievement has been a paper accord on German rearmament subtle enough to be read one way by the French and another by the Americans, yet plausible enough to keep the great alliance from cracking thunderously in two. But the other great problems remain. There is no time schedule on production; it has taken almost two years finally to finish the rough schedule of equipment and hardware needed; there is no agreement on the sharing of raw materials, no agreed estimate of enemy strength, no plan for political warfare. There is no pooling of the overlapping and contradictory intelligence reports of each country because no sensible intelligence service would reveal its information in a cat's cradle of twelve-man committees. Without such a pooling of executive information, NATO is still riven by fundamentally different political assessments of the peril.

With an instinctive sense of self-preservation, both the United States and its great allies in Europe have, in this emergency, by-passed NATO's machinery. Each nation has made known its needs directly to the Pentagon and received aid in a series of bilateral understandings. At the Pentagon, American generals have shared American military aid according to their own common-sense judgment of which investment in guns served American safety most. One of the best measures of ignorance in NATO's planning boards is the fact that the Pentagon does not wish to reveal to any ally the precise tonnage of arms a third ally in the partnership is receiving because the knowledge might lead to jealousy.

The heart of the problem today is that the enormous dimensions of the effort that is needed immediately far surpass the imagination of the Pentagon generals. This effort will touch the livelihood and personal freedom of every man in Europe, determining the prices of his meat and milk, the uses of his steel and copper.

To equip England's twelve Territorial divisions, to equip and barrack France's ten regular divisions, poses a whole series of problems: How much taxation? How much inflation? Does housing get cut? How far can recovery be suspended before the political vigor to resist goes out of the people?

The core of NATO's problems, as of all great alliances, it is now recognized, is far more political than military. It can be defined as the problem of equalization of strain.

The democratic world lives in two halves, divided by the Atlantic. On the North American shore it lives in liberty, surrounded by steak, chrome-plated autos, television, frigidaires. On the European shore it lives in liberty and comparative poverty. These two halves need each other to remain free, but have never been able to agree on who should pay for the defense of this freedom. The Europeans feel it should be America, simply because America is rich. Americans feel that Europe is far more exposed and imperiled than they are, and that Europeans should strain their economy at least in the same proportion as the American economy.

History furnishes a most illuminating and melancholy example of the kind of problem with which NATO is now wrestling. In 1917, the western powers found themselves allied in Russia to the fragile but not unpromising democratic régime of Alexander Kerensky. Urged by their military chiefs, the western powers demanded of Kerensky an offensive on the Eastern Front for which his régime and people were neither psychologically nor physically prepared. It was the collapse of the Kerensky offensive that wrecked the Provisional Government and directly brought about the swift Bolshevik victory of 1917.

In several countries in western Europe, NATO is today faced with the same problem. The most notable example is France, a country whose republican and democratic forces have revived with Marshall Plan aid to the point where they can maintain themselves with slowly increasing vigor against either extreme of domestic totalitarianism. These democratic forces can now be pushed, if America wishes, to any degree of rearmament. They can be pushed, in fact, to the point of overstrain, where they crumble, politically, into Communist hands.

The task of NATO is thus, simply, to decide where the strain can be borne best. So far only the crudest and most bungling approaches have been made to the problem. The hassle over the cost of the hardware that Eisenhower's European divisions will need shows how NATO functions in such matters. It took six months—from April to November, 1949—to hammer NATO's machinery into place. In November, 1949, the Military Committee agreed on a rough strategy; in January, 1950, this strategy was approved by the Council of Foreign Ministers; in April, the Defense Ministers met at The Hague to study the rough estimates of the cost of hardware to implement the strategy. They recoiled in shock. Since then not a trace of agreement has resulted from their discussions.

The best estimate of the gap between what is needed by the European armies and what the NATO nations have promised to put up is between fifteen and twenty billion dollars—*if* prices can be kept stable. If all this burden is thrust on the American taxpayer, the load will far surpass the Marshall Plan. What will happen if the burden is thrust on Europe can best be explained by examining the cases of our two strongest allies, Britain and France.

The British have committed themselves to additional defense expenditures of 3.4 billion pounds over the next three years. British defense production is rising. Centurion tanks are coming off the line, and a new four-engined jet bomber will be in production this year. (In 1945, British four-engined bombers cost 70 thousand pounds; they now cost 300 thousand.) But even this modest program will squeeze the juice out of British life. Part of the cost can be met by the phenomenally rising productivity of British industry. But since productivity alone cannot answer the voracious demands of the armed forces, the British will have to cut away at investments and living standards. Last Christmas, for the first time since 1938, stores on London's Regent Street were full of toys. But this year, the metals and facilities of toymakers and gadget manufacturers must go for grenades, carburetors, and fuzes. Does it mean, asked one British economist, that British children get to celebrate Christmas once every twelve years?

The situation in France is more complex and worse. American officials consider that if the French government can bulldoze its present budget through the quivering Assembly, France will be using forty-two per cent of its gross national income for government purposes. Beyond this France cannot go. The tragedy is that the burden will be

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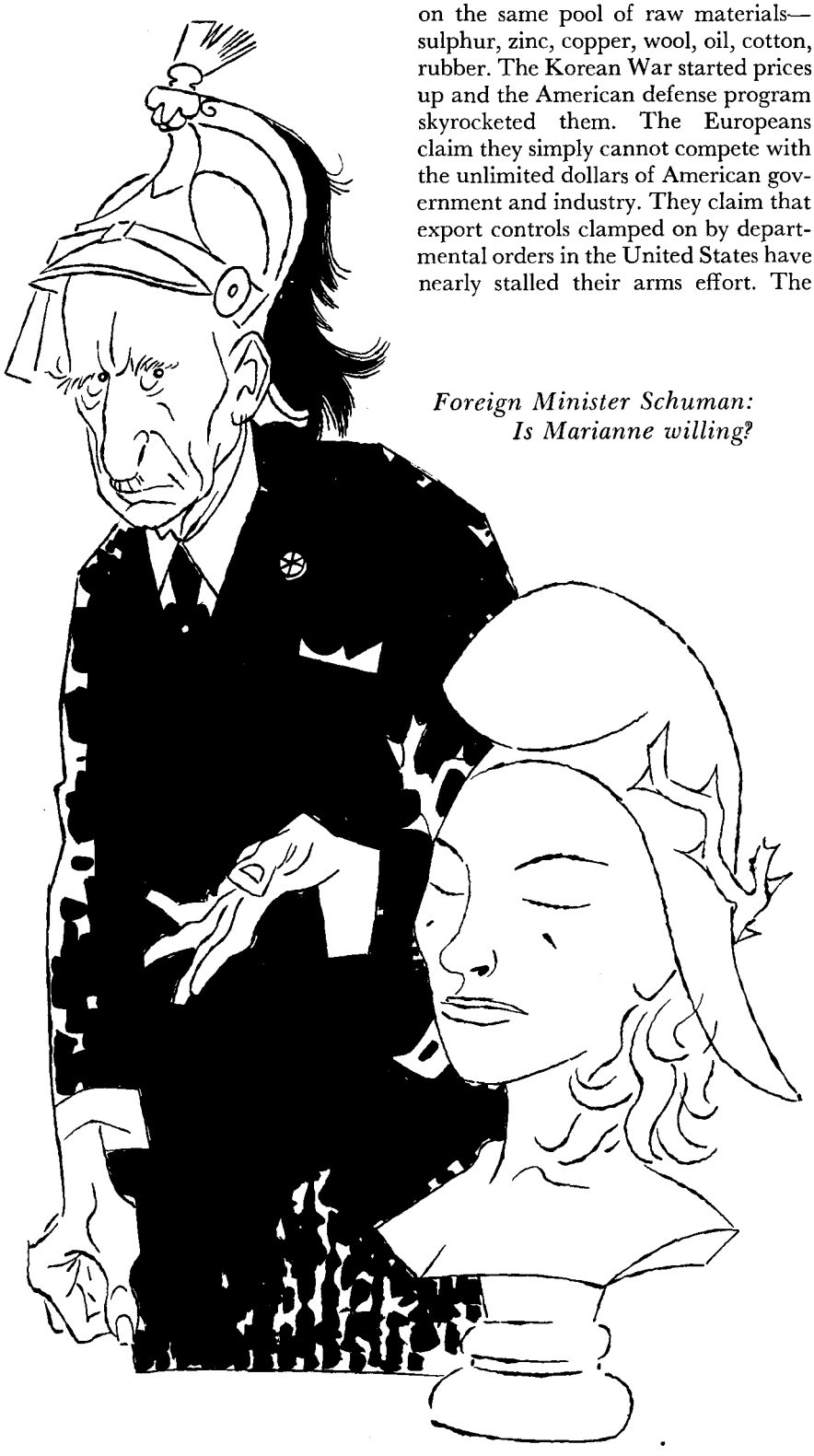
imposed, by France's iniquitous system of taxation-inflation, on the poorest and least able to pay. France has the manpower, and insists it will have sufficient units in division formation by the end of this year, to keep its promises. But it will pay its conscripts two cents a day and its industrial workers fifteen dollars a week. To press people further than that is to turn them over to the Communists in advance.

The most immediately critical problem on NATO's agenda is not costs, despite their major importance, but raw materials. In the past six weeks this dull subject has generated more passion than any other among America's allies.

All the non-Communist world draws on the same pool of raw materials—sulphur, zinc, copper, wool, oil, cotton, rubber. The Korean War started prices up and the American defense program skyrocketed them. The Europeans claim they simply cannot compete with the unlimited dollars of American government and industry. They claim that export controls clamped on by departmental orders in the United States have nearly stalled their arms effort. The British are desperately short of sulphur. For lack of zinc, British factories have already begun to close down. If something is not done instantly about copper, the actual production of certain arms may stop.



Foreign Minister Schuman: Is Marianne willing?

Since NATO failed to function on the problem, it was taken up bilaterally in the Truman-Attlee conversations. Truman's decision to handle the problem as a White House baby was, for many European officials, the most solid result of the talks.

It is impossible to ensnare as much talent as NATO has collected without such men becoming aware of their own frustration. Out of this awareness has come, in the past weeks, the first serious attempt to strip the organization for action. The two new bright spots resulting from the December conference in Brussels are these:

Eisenhower may, by his very presence, pull the military tangle apart. Up to now there has been no command chain, no single individual responsible for over-all planning and strategy. Eisenhower will take his directives from NATO's Standing Group, an efficient unit of three men (a Briton, a Frenchman, and an American) who will operate as the Combined Chiefs of Staff did in the last war. The small regional military committees that have dangled from the chart of NATO like Christmas-tree decorations will probably be removed or tied into Eisenhower's command chain.

Production is to be taken away from its discussion board and placed under one senior and responsible production man, who will direct an international staff chosen for efficiency, not political representation. His job will be as clear as Eisenhower's: to get the tools made that are required by the strategy.

The raw-materials problems will probably be turned over to a Raw Materials Adviser, a czar to co-ordinate specific demands for raw materials and present them in orderly fashion as a single claimant against the United States so that the two may share out what exists.

Several great jobs remain. The first is political warfare. NATO has a poverty-stricken public-relations staff of three men—Canadian, Frenchman, American—whose salaries are paid by their own countries. They lack money to buy daily newspapers, keep files, or

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even buy postage stamps. In the war of ideas, which parallels the war of clashing bodies, the Communists have the Cominform. The West lacks any comparable orchestrated voice to explain why, anywhere and at all times, it is better to die for liberty than survive in terror. No western counterattack has even been attempted to meet the Communist "peace" campaign, which drums into European ears, from Sicily to Hammerfest, that all the West's sacrifices are made to prepare aggression.

Certain great truths are still unknown to most Europeans: that the western nations outweigh the Communist world in steel, industry, and skilled manpower; that a proper defense force can be built without crippling all normal life; that if the most urgent action is taken now and sacrifices are accepted over the next eighteen months, recovery can resume in 1953 where it has been interrupted. Money, men, ideas, and propaganda organs are needed to say these things, and no attempt has yet been made to armor the spirit of men who must fight.

We seem now to be in that period of scientific development where counter-radar techniques have caught up with the radar detection systems of 1945 and 1946. Existing installations in Europe must be overhauled or scrapped at enormous expense. The British, of course, have excellent trained personnel, electronic factories, and permanent installations. The French must start from scratch. No conceivable linear defense is possible in western Europe if the great cities behind it are pulverized. Yet civilian defense preparation has been laggard.

Planning in London and planning in Washington must be more tightly co-ordinated. Very little is published about specific military end-items being scheduled for production in Europe. But some of the most important programing officials in Europe are extremely worried about overlapping of schedules. If the European *and* American production programs are going full blast in ten months, there may be far more weapons, tanks, guns, and matériel than the armies in being will possibly be able to handle. Which means waste—and waste in terms of European politics is criminal.

The problem of costs has now become inextricably tangled with the

problems of NATO's very organization. It is clear that NATO's assessment of costs will determine the political lives of every government involved in the alliance. It is also clear that these governments will not deputize either to civil servants or dollar-a-year men in the Council of Deputies the right to say how much burden each of them will bear.

Most informed opinion at NATO believes that two major simplifications will have to be made in the treaty's organization, separating policy and execution. Policy decisions, everyone now knows, cannot be made by the circus meetings of twelve Foreign Ministers, twelve Defense Ministers, or twelve Finance Ministers. Many members of NATO are convinced that the key decisions can only be made by chiefs of state of the three main allies. Occasional meetings of all twelve powers are, perhaps, necessary for political show, and any state must be consulted when its interests are directly affected. But just as the Roosevelt-Churchill meetings were the source of all great western decisions during the war, so must Truman-Attlee-Pleven talks decide, for great and small, what the present alliance will do.

On the executive level, there is near unanimity that the Council of Deputies must be tightened. Some members find benefit in the presence of small powers who lubricate clashes of great powers that would otherwise deadlock. But almost all are convinced that a tight, quick-acting executive group must be built within it that will not wait on twelve-power agreement. The most-discussed idea is a five-man body including a permanent American, Briton, and Frenchman plus two rotating delegates of smaller powers. The man commonly suggested as chief is Charles M Spofford, a vigorous, handsome New York lawyer whose seven months' record as chairman of the Council of Deputies has earned him an ever-increasing reputation.

I called recently on one of the rare great statesman of Europe, a man who has organized one program of inter-allied co-operation in the First World War, and helped conceive the grand victory program of the Second World War in Washington. He said: "I know nothing about NATO, but even from the outside you can tell that its committees get directives in the vaguest generalities. Before they begin to work, they must know what they are trying to do. The object must be to make a defensive force. Then you must inquire what arms you need for that force. Is it wise simply to expand the existing armies, piling more weight on old structures; or should you strip them down? Does France need a navy? Should France make airplanes? What kind of guns do you need to stop modern tanks? Perhaps the very first decision may be that existing armies are obsolete and you do not simply preserve what exists.

"You must start with a high-level decision. You must give your planning problems to a small, select committee of civilians and generals. Then, beyond that you need not committees but executives or executive groups of one, two, or three men. These groups must decide the distance between the target and what exists today, and must direct the production of each nation to make that one great whole. It flows from the top, where the simple decision must be made, down to the executive, which is the fewest possible number of men."

I asked: "Why don't you put your ideas into one of your famous memoranda?"

"Tell me," he replied, "on whose desk I should place the memorandum to get action?"—THEODORE H. WHITE

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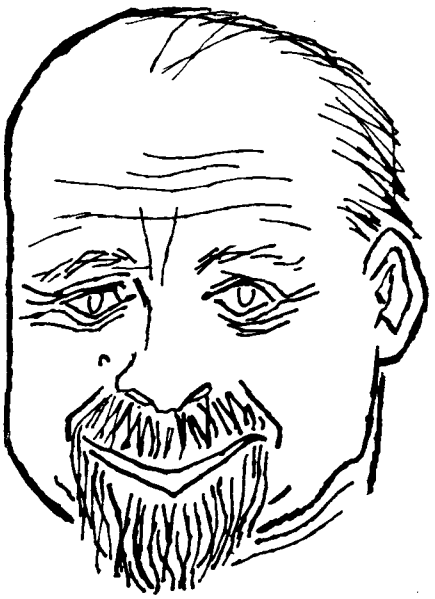
Stalin's German Puppet



Walter Ulbricht

An entirely new type of European dictator made his appearance when Joseph Stalin named Walter Ulbricht his proconsul in East Germany. In Berlin, wags were heard remarking that this was Stalin's worst punishment of Germany for the last war. The reactions of old time German Communists were, however, more significant and considerably more bitter.

In the German Communist Party, to which Ulbricht has belonged for thirty years, he has reputedly never had one personal friend. Ulbricht has all the characteristics that can make a political leader unpopular. He looks and acts like a small-time provincial bureaucrat. He hasn't a spark of humor, and is a miserable speaker, with a high-pitched voice and a clumsy Saxonian accent. He is generally considered as cold and slippery as a block of ice and as suspicious as an alley cat.

Every political action Ulbricht has taken since May, 1945, has ended wretchedly for the S.E.D.—the Socialist Unity Party, as Germany's Communist Party calls itself—and for Soviet occupation officials. In the 1946 elections, Ulbricht's party got nineteen per cent of the vote in Berlin as against forty-eight per cent for the Social Democrats, and the bourgeois parties won sizable pluralities in workers' districts of Saxony that had elected Socialist majorities for decades. This was not all Ulbricht's fault, of course. No one could have done much better after Stalin had ordered the S.E.D. to help the occupation administration squeeze two billion dollars a year from a war-destroyed country and win the allegiance of the population at the same time.

Ulbricht's unpopularity reached its height after the failure of the Berlin blockade in 1949. His bodyguard was doubled, and the Politburo of the S.E.D. waited eagerly for the news that his current stay in Moscow would be prolonged indefinitely. With the recall of MVD General Tulpanov, Ulbricht's erstwhile chief in Berlin, President Wilhelm Pieck of "the Volga Republic on the Spree" (as Berliners call the eastern zone), was sure that he was rid of his most hated opponent. But Ulbricht came back from Moscow, as he was to come back again and again. In December, 1949, came the final seal of Moscow's approval: Ulbricht was the only German invited to Stalin's official seventieth-birthday party. Last July he was named General Secretary of the S.E.D., and Germany's first Stalinist dictator had been created.

To be sure, Stalin had little material to choose from. Thirty years of internal upheavals, Russian purges, and Nazi terror had left the German Communists without any commanding figure. Those who remained were what Nikolai Bukharin had once classified as "obedient dunces." Wilhelm Pieck was the most distinguished, but he was seventy-four. Franz Dahlem, the party's personnel chief, was suspect because of his mysterious survival through the entire war in a German concentration camp. Gerhart Eisler, the witty and unscrupulous Austrian, never had a chance. All of which left only Ulbricht, who speaks fluent Russian and who had spent most of the war in Moscow.

The Ulbricht dictatorship marked a radical change in the Russian policy for Germany—a change that unfortunately remains unappreciated in Washington, London, and Paris. Stalin's attitude toward Germany has always been somewhat contradictory. He despises the German Communists, but he is awed by German technical and organizational abilities. He was not being hypocritical when during the war he told Oscar Lange, later the first ambassador of Soviet-dominated Poland to this country, "Communism suits Germany like a saddle does a cow." He has carried this attitude over to the whole German working class, which seems to him ideologically rotten to the core.

In German technicians and industrial organizers, however, Stalin has found slavish submission. There can be no doubt that without these Germans, the U.S.S.R. could not have set up its new aircraft and electronics industries in Siberia and north of Moscow.

This postwar experience was part of what lay behind Stalin's message to Germany on October 13, 1949: "The experience of the last war has shown that the greatest sacrifices in that war were borne by the German and Soviet peoples, that these two peoples possess

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the greatest potentialities in Europe for the accomplishment of great actions of world significance. If these two peoples display the determination to fight for peace with the same exertion of effort as they waged war, then peace in Europe may be considered as secured."

Here was Stalin's first offer of alliance to the German upper class—the industrial magnates, the technicians, and the unemployed officers in both zones—an offer of second place in a Soviet-administered Europe.

But the "offer" was also a ukase. It is not Stalin's way to leave his potential allies any choice. Stalin had needed a German dictator like Walter Ulbricht ever since 1945.

Ulbricht did not become a Communist because he has a rebellious nature, but because he is constitutionally incapable of opposing a majority. In the small Thuringian town in which he was born fifty-seven years ago, a majority of the workers joined the unions and the Social Democratic Party, so the young carpenter became a Social Democrat. He returned from the First World War to discover that his union local had joined the Independent Social Democrats, a splinter of the old Social Democratic Party. When, three years later, it joined the Communist Party, Walter Ulbricht went along. When he was elected to the unpopular and badly paid post of organizational secretary, he discharged his duties with the same energy and reliability as he had shown in planing and polishing his cabinets.

Circumstances over which he had little control presently brought him from the majority of a Communist Party Congress to the majority of a Communist Central Committee. But a twist in the party line suddenly transformed the latter into a minority. In those days minorities in the Comintern were not physically wiped out, but exiled to Moscow without damage to their health. And so the organizational secretary from Jena landed in the organization section of the Comintern, which was the principal instrument for the control of the Communist Parties by the GPU's secret police.

Ulbricht quickly saw that his ignorance of Marxist theory and lack of general education would not keep him from a big job in the Comintern as long as he had the confidence of the

GPU. He understood that all the ideological debates, in which he could take no part, were only shadow boxing, behind which was the concrete policy embodied in the simple military commands of the foreign section of the GPU. The GPU psychologists realized that this uncouth German had the makings of a first-class political *agent. provocateur.*

Ulbricht was a changed man in 1926 when he was sent back to Germany, again in the organization section of the Communist Central Committee. He had become self-confident and even arrogant. He was, of course, not free to divulge his membership in the GPU, but his colleagues had some inkling of what had stiffened his backbone.

In 1929 Ulbricht had his first chance to graduate from his apprenticeship. In the meantime he had become secretary of the Berlin Communist organization. The Kremlin at that time was obsessed with the idea that the capitalist governments would exploit the deep economic crisis in Russia by making a military assault. All the GPU agents abroad were instructed to provoke disorders to divert the imperialists. Ulbricht acted on May 1, 1929. A stupid police commissioner in Berlin forbade the traditional May Day demonstrations. Ulbricht gave the order to break this ban at all costs. When evening came a hundred dead and wounded lay in the streets.

Ulbricht's next big scene came on August 9, 1931. Stalin had ordered the German Communists to intensify their campaign against the Versailles Treaty. Ulbricht was responsible for a demonstration in front of the Berlin Communist headquarters in which two policemen were killed.

In December, 1932, the final decision between Hitler and the Weimar Republic was approaching. But the Kremlin continued to fear a German-British war against the Soviet Union. Consequently the decision was that the Social Democrats, not Hitler, were the main enemy. Working with Goebbels, Ulbricht organized the Berlin transport strike that finally destroyed the last hopes for a common front of German workers against the Nazis.

When the Spanish Civil War broke out in 1936, Ulbricht was among the highest functionaries of the NKVD in Europe. He set up headquarters far from the front, in Valencia, and directed the bloody business of liquidating the enemies of the Kremlin among those in the German brigades. Hundreds of German anti-Fascists died in his torture chambers.

The outbreak of the Second World War found Ulbricht in Stockholm on a mission which no other German Stalinist could have handled. There was not only a pact between Stalin and Hitler, but also one between the NKVD

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and the Gestapo. The latter agreement provided for the delivery of the Germans in Russian concentration camps to the Gestapo. In return, the Gestapo agreed to destroy the anti-Bolshevik Ukrainian groups in Germany. But the NKVD also took upon itself the denunciation to the Gestapo of all German Communists and Socialists who opposed the pact. This was Ulbricht's particular task, and although it made him the most hated and despised man among the German Communists, it gave him excellent preparation for his job as organizer of the Free German National Committee in Moscow after Hitler's setback at Stalingrad.

The blueprint for dictatorship which Ulbricht brought back with him from Moscow in the winter of 1949 seemed so fantastic to the old Communists that it took months for them to grasp it fully. First came an amnesty for Nazis, Hitler's SS, the Gestapo, and Wehrmacht officers. Then there ensued one of the most drastic purges German Communism had ever experienced. Hundreds of Communists landed in concentration camps, thousands were exiled to the Soviet Union, and tens of thousands were expelled. Next the Nazis, who, as Ulbricht expressed it, gave the People's Democracy its "progressive character," began appearing in the industrial and political administration. By the end of 1950 they occupied seventy-five per cent of the directorates of the nationalized plants, ninety per cent of the command positions in the police, and fifty per cent of the positions just below the top in the civilian administration. In Leipzig, an old citadel of Communism, Ulbricht's purge commissar, a former SS major heavily decorated by the Nazis, expelled hundreds of Communists and former Socialists from the S.E.D. for "lack of understanding of the principles of Marxism and Leninism."

At the July Congress of the S.E.D., Ulbricht triumphantly announced the creation of a party of a "new type," the fusion of the German MVD groups with the Nazi bureaucrats converted to Sovietism. All the old Communists except Wilhelm Pieck and Franz Dahlem had disappeared from the top councils. At the head of the secret police Ulbricht placed Erich Mielke, his murder provocator of August 9, 1931. He put two other agents brought with him from Moscow, Hermann Mattern and Fritz Lange, at the head of the Party Control Commission and the State Control Office. Control of propaganda and the press he assigned to Fred Oelssner, an ambitious fellow Thuringian who sees in every man with an average education a natural enemy of Stalinism.

The Kremlin always makes sure that even its best agents don't get too big for their boots. Ulbricht has been denied the direction of the State Security Office, behind which are concealed the former secret State Administration for the Army, the high command of the People's Police, the Recruiting Office, and the bureaus which establish connection with the German military formations in Soviet Russia. In this post is Wilhelm Zaisser, a fifty-seven-year-old former teacher from the Ruhr, who gets his orders directly from Moscow and Karlshorst, the seat of the command of the Soviet Army.

Zaisser is the opposite of Ulbricht in every respect—a highly educated intellectual, a military *condottiere,* brave, reserved, tall, with imperious steel-blue eyes. He joined the Communists during the famous Ruhr uprising after the monarchist Kapp *Putsch* of 1920, and became a commander of this early Red Army outside the Soviet Union. He will probably be the Field Marshal of the Stalinist German Army when the Kremlin gives the signal for "the resurrection of the German nation."

"The only task of the S.E.D. is the re-creation of German unity," Ulbricht said recently, quoting Stalin. The organizational instrument for the preparation of the conquest of West Germany is the Westbüro of the S.E.D., which is directly under Ulbricht's control. On its staff are many of Hitler's old officers. The Westbüro is linked with the western branches of the secret Brotherhood of German Officers, with many of the fascist sects of the West, and with many western industrial and city administrators.

The National Front which the Westbüro is organizing in West Germany has a double task. On the one hand it works against any trend toward solidarity between the West German people and the Atlantic community. On the other hand it is to act as a partisan formation if and when Moscow decides to strike.

It would be wise not to underestimate its efficiency. —ROBERT DALL

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The Education Of a Bandit

The interesting thing about the death of the Sicilian bandit Salvatore Giuliano has been not so much the political use which continues to be made of the story as the private uncertainty about it. In Rome and thereabouts, almost no one seems to have had a simple view of the matter, or if anybody expressed one you felt he was not quite telling the truth. There was one set of double meanings in the salons and another among the people, and both had something to be said for them. The story itself was not simple. However unpleasant most of his goings-on in the last few years, the fact is that Giuliano, twenty-seven years old when he was shot down the first week of last July, was not a mere Luciano; he also had, as one of the most callous Rome newspapers observed, "a certain virile beauty." But there was more to it than that.

The story begins in America. Giuliano's parents went there with the usual high Italian hopes, did no better than they had at home—perhaps even worse—and just before the child was born the mother returned to Sicily and found work again on a farm. The boy had the normal childhood of rural Italian poverty—a little schooling, a lot of work, a lot of slapping and laughing and making use of things that anybody else would throw away—under the thumb of the world's most notoriously absentee and idle landowners. For all that, judging by some of his mother's actions, Giuliano (who was known as Turiddu—Sicilian for Salvatore) would seem to have been something of a spoiled child. His good looks and general charm would have lent to this; but it can be a far cry from a spoiled child to a juvenile delinquent, and he was never that. Nobody has accused the future bandit

of having been, at this time, anything but a good boy: not wayward, vicious, given to drink or petty thievery or street brawls—none of the gangster build-up. The trouble may have been rather the opposite; if anything, he seems to have been a little more austere than most, or at least more driving, more bent on whatever he was after; you can believe this from his pictures.

Giuliano's was, to say the least, a dynamic face: proud, ambitious, with no look whatever of ordinary criminality, and a strong look of the unreconciled, of a superior energy that cannot help rising out of a context unfit for it. The best known of the pictures, one of the few in which he is not lying dead in a pool of blood or on the autopsy table, reminds one of certain faces in the earliest Soviet movies, or of those young Israeli fighters who have been ennobling the rotogravure sections in recent years: shirt open at the neck, jaw round and hard set, mouth full and firm, head raised with a somewhat posey vigor, as though the shoulders were being forcibly held down. Giuliano is seen in three-quarter view, to emphasize even more the look of staring high past all danger and personal concern to The Goal. The look is what you might call "heroic"; you might also call it anachronistic—which brings to mind that *The Three Musketeers* was recently running serially in the Italian Communist paper *L'Unità*.

They say Giuliano went to the poolrooms now and then, but not much; his favorite pastime was hunting, and he was a wonderful shot.

At sixteen he got a job with the Sicilian telephone company, which was putting in the first lines from Palermo to the district around his home town, Montelepre. No trouble yet. He kept the job, bicycling many miles to and from work every day, helping to support the family until he was of military age; then, having a passion for mechanics, he got himself assigned to aviation, but before he had taken any part in the war came the Allied landings in Sicily July 10, 1943. "With this invasion," as a right-wing Rome tabloid put it, "there came disorder and hunger in Sicily." The telephone company stopped work on the new lines, and the Giuliano family, like many other law-abiding ones, was reduced to black-marketing.

The trouble came soon, and considering the time, and the strength and high temper of Turiddu's face, it seems to have had a dreamlike inevitability. Turiddu and his brother had organized the traffic in grain among the towns around Montelepre, and one day in September, in a scuffle with a carabiniere who tried to confiscate a sack of grain that he was taking somewhere, he happened to kill the man. Still, a common incident; such were happening everywhere, wretched little combats in the dark involving necessity and a fit of temper and no great wrong,

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nothing of what went into the making of the black-market fortunes that everyone knows about. Only Giuliano ran away into the hills, and so became automatically a *fuorilegge,* an outlaw, in a land where outlaws are a common and ancient curse.

They say he should have given himself up that night, and he would have had a few years in jail, and everything would have been all right. Which may be, although no reputable concern would have been likely to employ a convicted murderer, and Giuliano probably had good cause as well as bad to trust himself more than the law. You can get a notion of this from the trial of his accomplices that has been going on in Viterbo, under the control of a stable government, not the tangle of power and intrigue and vice in Sicily seven years ago. Death and mess had become the natural things, not legality; the latter would not have been the natural resort; what was natural was to have been a black-marketeer, and to have killed someone by mistake, and to be hiding in a hillside cave as the partisans were doing elsewhere, for other reasons and not always better ones. There were dead bodies in the brush in many places; three or four years later they were still turning up. But there may have been some passion in Giuliano's decision too. The accident may only have set off what had to come anyway: a sudden heaving up, a revolt of the whole spirit, as of some gross Julien Sorel, against all the known constrictions of his life and the prospect of a worse one, and even more against the assumption, on the part of those who had it, of power over him.

Who were these people? Fascists, foreign colonels, local politicians, and officeholders frantically selling themselves to one side and then the other. Experience was bitter, respect impossible. The young man was just twenty, full of consciousness of his own worth and of touchy Sicilian honor, and extremely ignorant. But you cannot speak of a natural propensity to crime; there is no sign of it. Even later, with many murders to his account, there was always a desperate effort to make the extraordinary power he had achieved *respectable* in the highest sense. Desperate, perhaps, and absurd too, but it is really very hard to say who is less or more absurd in this story.

A year ago, speaking to the one Italian journalist who ever managed to interview him, Giuliano said, "I would have gone back to my mother's house, and gone back to work again, the way I had been before. But they came to look for me, and so I had to go on hiding." In a fragment of diary given to the same journalist, he spoke of having spent this time "in silence, meditating on my future course," and of how, in those years, hunger had driven many Sicilians to looting and to crime: "The roads of Sicily soon became a field of crime." And he added that all the crimes committed anywhere began to be attributed to him. "But I was not embittered by this, because I had no feeling of being a delinquent."

At any rate his first moves as a registered outlaw were not criminal in the Chicago sense, but political. The Sicilian separatist movement was taking advantage of the Italian defeat just then to reorganize, and Giuliano, after conversations with one of its leaders, was made a colonel in the movement's helter-skelter and not too choosy military arm, called the Voluntary Army for Sicilian Independence (EVIS). He got into this, he says in the diary, "as a true son of Sicily . . . because Italy never considered Sicily anything but a mere province"—which is the usual formula. His job, like the young Stalin's job for the Bolsheviks, was to carry out holdups and robberies for the party treasury. In return, "after the victory," he was to have a pardon and a deputy's seat in the parliament of liberated Sicily.

If such promises, and his absolute authority over a growing band of experienced roughnecks, had turned his young and muddled head, it would have been no wonder; but to accuse him of fraud in this alliance, of being moved by nothing but self-interest, seems presumptuous. Anything that offered a hope of pardon must have

Salvatore Giuliano in his native hills

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been seductive. Beyond that, all one can say is that if the noble-looking photograph was not entirely misleading, he should have been born somewhere else, where a simple-minded young man of daring and iron will and the gift of leadership, out for glory, would not have had to make such a mistake.

The Sicilian separatist movement, never very plausible in recent times, was at that moment quite crazy; its leaders were being criminally irresponsible. After a civil war consisting of a small brawl in which Colonel Turiddu killed still another carabiniere for them, the movement's political leaders, including its head, a man with the pretty name of Finocchiaro Aprile, were arrested and sent into the mild form of Italian custody called the *confino*—enforced residence in villages away from their home districts. They were all let out and pardoned before long, but Giuliano, having done the dirty work, was too deeply compromised. Also, since they had no more use for him at the moment, it appears that they were rather more anxious than the police just then to do away with him. He could furnish some nasty evidence

against all of them if he was caught; and in fact he is said to have collected a number of incriminating documents concerning many of the leading men of Palermo, which he sent by his brother-in-law to America for safekeeping. But these were evidently never opened, or perhaps never existed. He had another enemy, of course, in the Communists, always in more or less violent opposition to the separatists.

By this time Giuliano was twenty-two or -three, and had come a long way, however dim the intellectual results, in human and political education. One imagines him at this juncture, with his power proved; his ego inflamed; his political illusions, entertained in whatever spirit, turned utterly foul; seeing the distinguished men who had hired him, and were now out for his skin, being taken back into the best society; with a surrender to law and order offering no hope but life imprisonment, and around him his colleagues in crime, most of them not nice or noble at all, but ordinary gangsters, as ready as anyone else to do him in if he should slip, and ready to work for him and feed his vanity if he did not. Straight banditry was the possibility that was left.

In the young man's head, however, there was another idea. Earlier he had considered himself, as he expressed it, a mercenary in the ranks of the separatists. Now he was a political power on his own hook, and the head of a private army. Unfortunately this meant that he had to do his own political thinking too, and being no better qualified for that than most other people in the world today, what he adopted was the widespread scheme to make Sicily the forty-ninth state of the United States. There were manifestoes about it, signed GIULIANO, showing a little man with a sword cutting a string between the island and Italy, with another, very long string going presumably to Washington, but actually ending up somewhere around Labrador.

There were also various murky entanglements nearer at hand, and more in the nature of gangster politics in some cities of America.

On this side of things, and perhaps in his frequent attempts to obtain a pardon, for which he never stopped hoping, his chief aide was Frank Mannino, a handsome young Italo-American who had been in the Foreign Legion for a while and is reputed to have been planted in the gang by the Mafia. He was the best-educated of the group, and had the job of explaining the newspapers to the others. But Giuliano's real chief lieutenant, the only one who knew of his doings and whereabouts at all times, and whom he seems to have trusted absolutely, was his cousin Gaspare Pisciotta. They ate, drank, and slept together, and Giuliano once said of him: "Without Pisciotta, Giuliano does not exist." He was the only one who was allowed to duplicate the silver star that Turiddu wore on his belt as symbol of the Chief, *Il Capo;* the others, even Mannino, were only fractional leaders, the groups and meetings of the top men being so organized that betrayal of Giuliano by any of them was nearly impossible. With several others besides these two, however, he made a real old-fashioned pact in blood—which was rather touching, considering the pattern of modern sophistications his rustic mind had become embroiled in. They would cut their fingers, mingle the blood, and swear mutual defense for life, unrelenting war on the carabinieri, marriage only with relatives or affiliates of the gang, and so on. Over all of them his discipline was austere and ferocious, which is probably the main reason why the band was so phenomenally successful, compared with the thirty or so others operating on the island at the time.

Of the man he had become in the process you can see something in the series of snapshots supposed to have been taken a month before his death by Pisciotta. This is not the youth one imagines earlier, in the bumbling, unhappy discovery of his great powers, nor the one of that earlier "heroic" photograph, though there is plenty of resolve of another kind, and more than anything the kind of animal grace and ease that one associates with a person of steady, peaceful outdoor life—a ranger or a rancher; but the difference is in the eyes. The pictures were taken on his last hunting trip, in some high, scrubby place, against a background of pleasantly desolate mountains like those in Arizona or Idaho; the only flaw in most of them is that the shoes are too polished and the trousers, a quite citified pair, too well pressed; he is also wearing a large ring, and the large gold calendar watch he never parted with. He had become some-

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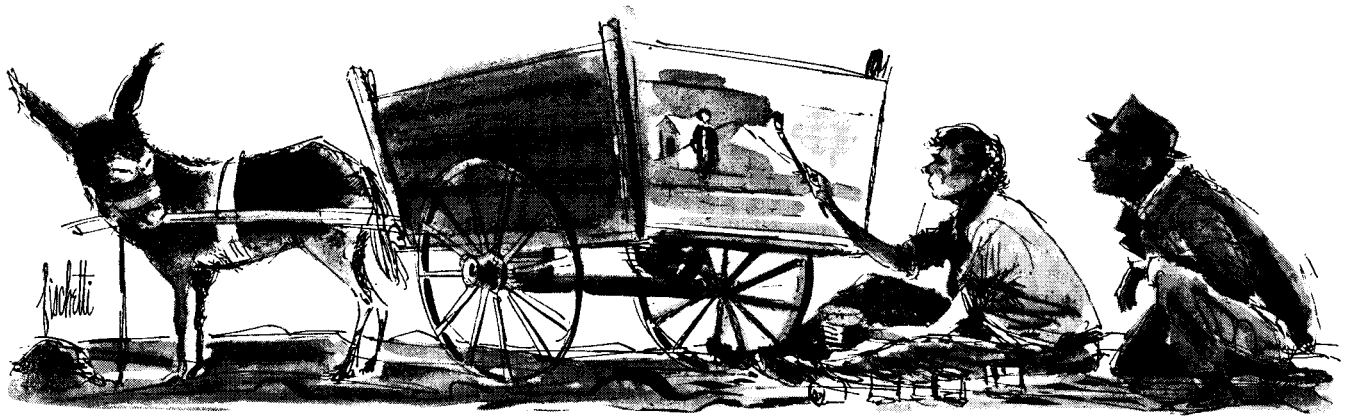

thing of a dandy, it seems—rather understandably, in view of what he had gone without for twenty years. That "certain virile beauty" is in evidence, marred a little by the peasant chunkiness of body, with nothing high-flown or grim about it; this is just the young mechanic or movie star, possibly a war hero, serious and likable. Then you come to the eyes, first in a full-face view that is not attractive but suggests guerrilla fighting, or would except for the crease in the pants, rather than crime. There is only one picture that a gold-star mother would not keep on the parlor table—a close-up, curiously Mongoloid, in which the fierce power of the eyes looking straight at you, combined with the full cheeks seen head-on and the terrific lift of the head—not posey here but the natural attitude of a dominating energy and will—make you sense the killer he had become.

Even then there is nothing of the simple criminal. It could be the portrait of a precocious Chinese warlord or young mountaineer rebel in Turkestan, who might or might not use his forces on the "right" side and would in any case not be squeamish about the treatment of prisoners. But what is curious is to observe, as you look at it longer, that this is not a newspaper fluke but the same man you were looking at before, the one of the high misguided gaze, who was above all personal concern. The head has only turned a few inches to face you, the gaze has come down from The Goal to rest on *you,* and you have this man, the murderer.

But not an indiscriminate one. Giuliano's killing was always for a purpose, even if it were only to avenge his reputation. He had become very sensitive about that, and once, on hearing that a certain small storekeeper and his wife, in one of the villages he bossed, had ridiculed him in public, he went in himself the next day and shot them both in front of a crowd of customers. But mostly there were more practical reasons, vendettas, elimination of police spies and such, aside from the political "executions" and accidents in the line of work. In October, 1946, after sentence by Giuliano's tribunal, five young dealers in black-market soap, all under thirty, who were to be questioned the next day by the police concerning some recent crimes in the neighborhood, were waylaid on the road, ordered behind a thicket, tied together, shot, and left there. In that case Giuliano had acted on good information; but he had become suspicious, and is supposed to have killed several men on a first hint of danger or disloyalty. According to one report, his method was to make them sing at the top of their lungs and then fire in their open mouths, announcing afterwards to those present that he had acted in the name of God and Sicily. Such scenes are said to have left an indelible impression on his men.

This curious custom of shooting the victim in the mouth while he sang was also prevalent among the partisans in sections far from Sicily. For the young employee of the telephone company, aside from the general education of the time and the particular bandit lore of his native land, there had been an extra twist, easy to understand. It was something very like the American process of hurling juvenile talent, usually by some accident of publicity, into sudden fabulous success in a field involving huge public applause—like movies or orchestra conducting—from which success they can never again extricate themselves until they have fallen either dead or flat on their faces. These boys too can have within a year the psychology of killers, though it happens to be something else that is expected of them; after the first wild triumph, as after the first murder, the quiet, patient basis of everything up to then distintegrates; under cover of a true gift, shoddiness sets in, and more and more lordly behavior; as the public dotes on them more, their love affairs become shorter and more sadistic; before long they are having to make a desperate effort to look interested in the company of their best friends.

"Cara Mamma," Giuliano is reported to have said to his mother once later, "I have just one friend: my gun"—so even Pisciotta tired him.

It is true, anyway, that nearly all the band betrayed him in the end, in so far as they were able; when his death was announced all twenty-seven in the courtroom at Viterbo turned against him.

He had his family, however; he would never be cut off from that; the whole huge, tight, howling, loving and hating, indivisible Italian organism: brothers, sisters, cousins, nephews, nieces-in-law, even a father somewhere, and at the center the ritual *Mamma* (that is the word, *Madre* is only used in hatred or speaking scientifically), who may be a nobody but presides nevertheless by virtue of that national charity which gives to all mothers, whether of whores, murderers, idiots, or just children, and whatever their own faults, a part and haven in the image of the Mother of Christ. One imagines this particular *Mamma* hearing the remark about the gun, or

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being driven in a jeep at night, or waiting at home for all the other meetings with her son in those years, and in the meetings with the neighbors. There was a secret tunnel leading from her house to the open country, in which were found binoculars, a military telephone, and a radio transmission set, just as if it had been a center of resistance to the Germans; and in April, 1947, there was a great *festa* in the house for the marriage of her daughter Mariannina to Giuliano's lieutenant Pasquale Sciortino, the one who is supposed to have taken the documents to America afterwards. The ceremony was performed by the local monsignor; brother Turiddu was there, probably handsomer and better dressed than ever, and there was dancing and singing till all hours, while heavily armed guards kept watch outside. Sciortino, promoted from lieutenant to vice-chief after the wedding, had been with Giuliano in the EVIS, and chose to stay with him later rather than profit from the general amnesty. These were the top ranks of the rebel army; *Mamma,* like the others, wore its insignia.

One sees *Mamma* later too, being taken to jail herself as an accomplice, as others in the family also were; then, in a still cleverer move by the police under their new command, being let out so that she might persuade her son to give himself up, but still refusing, for all her curtseys to the new police commander, the brave Colonel Luca, to make the least move or murmur against him. "Iddu knows what he is doing. Iddu will have to think about it." Then at last one can literally see her in the pictures, standing strong and demurely smiling in one, with Mariannina and the new son-in-law, whose arm is around her; in the others, being brought to identify the body: a short, strong-featured old woman in dingy black cotton, a better dress perhaps than before her son was rich, but still the same kind, her hair pulled straight back peasant fashion, leaving vanity in the dawn of her history; the massive, shapeless, work-mashed body bent into an arc of absolute grief; held up at the armpits by two young male relatives, yet with something about her, in the carriage as much as the rock ledges of the face, that announces she will walk on her own feet till doomsday if necessary.

At the first sight of the body she shrieked and did faint, but had herself led back in a few minutes, while the comforting ritual of which she had always partaken came closer to infuse her speech: "Yes, that is my son, Salvatore Giuliano, born of me (*parturito da me*) twenty-seven years ago." Then she knelt by the corpse, and between whispers of prayer kissed the hands and face repeatedly; it was the handsome young mechanic, who had wanted to go into aviation and with luck could have been killed that way, but she had had her own Sicilian pride in what he had done instead. "Oh my favorite son, what a terrible end you have come to . . ." Outside, after screaming maledictions at everyone around, she fainted again. Her other daughter had just taken off one of her shoes to hurl at the press photographers, and went on furiously to denounce the traitors responsible for her brother's death. It seems there *had* been betrayal, by whom is not yet clear; some say the star-wearer, Pisciotta, who is still at large.

But meanwhile Turiddu had been what everyone knows, the "King of Montelepre," and of a good deal more than that, with a band formed in a system of cells like any clandestine army, and a network of agents, informers, and city and peasant lookouts over a large part of Sicily. A couple of years ago it was not safe for archaeologists to study ruins in remote parts of the island without a safe-conduct from him, and it was said in Palermo that he could walk in the streets or sit in cafés there when he felt like it; nobody would tell; nobody tried to claim the price of thirty million lire that was on his head, whether more from terror, partisanship, or just native Sicilian mumness it would be hard to know. It would be as it was the last night, when he was either shot or found shot in an apartment court in the town of Castelvetrano; all the shutters stayed closed, even when they tried to get a drink of water for him as he died; nobody had heard anything. He could give orders to the so-called Sicilian parliament, a body unique in Italy—something like a state legislature in the United States, though not so powerful; still, it was probably useful to keep it scared. He could also exact tribute from all the lesser bandit gangs around, to whom he would give permission to pull off certain jobs; the recalcitrant ones were wiped out.

His own jobs were chiefly of a Jesse James variety, or something between Al Capone's and Robin Hood's, leaving out the modern political complications. The steady work was made up of highway holdups, kidnapings, blackmail; on one occasion the band blew up a truckful of carabinieri, killing seven and maiming more; in the end some eighty carabinieri had been killed, plus an undetermined number of plain citizens.

A fairly typical episode was the attempted kidnaping of a Palermo businessman named Antonio, in September, 1946. One evening he and his wife were being driven to their country house by a chauffeur, when they were stopped by a taxi parked in the middle of the road; a group of men jumped out and tried to pull Antonio into the taxi, but being a strong man and evidently rather high-strung, he struggled with them and so got filled with bullets instead. His wife was also shot, but not fatally; the chauffeur had fainted in the car. This assault was a failure; so was another on a jewelry shop in Palermo, in which the owner resisted and for some reason was not even shot.

But the failures were few. Other incidents were more romantic: politely stripping a duchess of her jewels and later returning the volume of Steinbeck (his favorite author) that he had taken from her table, with a note: "I don't see why anyone as reactionary as you should have such a book, so I thought of not returning it, but when

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Giuliano gives his word he always keeps it."

In 1947 alone he is said to have carried out seven ransom cases, all involving wealthy men, and about fifty holdups, thefts of cattle and so on, with a gross intake of three hundred million lire, or about half a million dollars. His figure per ransom at that time had been reported at between thirty and fifty million lire. What the total for the seven years was nobody knows, or how much stayed in the hands of Giuliano himself, or whether it is true that he sent a small fortune to be invested somewhere outside the country. The expenses, of course, were heavy; a great many minor people had to be paid, and the gang and their families taken care of. Frank Mannino, for one, is supposed to have become a large landowner through the business; and some of the profits were distributed among the poor.

Nobody knows how much that was, either. It is being belittled now in official versions and among people of property in general because they dislike the idea of it and also dislike the possibilities of a Giuliano myth; one figure put it at one per cent of the total loot, but it may have been much more, or less. It was enough, in any case, to give a solid basis to the immense popularity and prestige he certainly had among a great many working-class Sicilians too separatist in their views or too independent by nature to incline toward the Communist Party. Perhaps even some Communists were as confused, for all the party line on the matter and Giuliano's warfare against them, as they have been on the mainland. It would have been enough that in a country of such rabid social discrepancy he stole only from the rich —which is true, however little he may have given to the poor. On that his orders were absolute; the lower-income brackets were not to be touched. One of his men once robbed a poor peasant—one who furthermore had a sick wife, as the story goes—of two barrels of wine that he was taking to town to sell, and Giuliano on hearing of it immediately shot him in front of several others: another of those "indelible impressions." —ELEANOR CLARK

(This is the first of two articles on the life and death of Salvatore Giuliano.)

The New Congress: Where Are the Leaders?

Herblock—© 1951 The Washington Post

Not long after his foreign-policy speech on January 5, Senator Robert A. Taft walked over to confer with Senator Joseph McCarthy. As they leaned toward each other, one had a quick presentiment of the combination of forces that make up the threat to Mr. Truman's foreign policy: Taft the intellectual, cool, clear, and somewhat rumpled; McCarthy, tough, violent, supplying an emotional drive that Taft could never muster.

Careful rereading of the doctored *Congressional Record* reveals an "all-things-to-all-men" quality about Taft's speech. The printed page fails to convey the blandness of delivery and the almost smiling composure with which the more galling portions were uttered. But for every reference in the prepared address to a bankrupt United Nations or a European deathtrap for "our boys," there was a hedge somewhere further along. It was only in the spontaneous question-and-answer exchange afterward that Taft really made his position plain. Even then he left to Senator Eugene D. Millikin the most damaging thrusts at the morale of Europe.

Senator Paul H. Douglas had asked how the United States could hope to hold out against Soviet aggression once the industrial potential of western Europe was in Russian hands. Senator Millikin rose to Taft's defense:

"I was going to suggest that the distinguished Senator from Illinois [Douglas] is not giving attention to the air power which the Senator from Ohio [Taft] has said will destroy those plants in western Europe."

The *Congressional Record,* which, of course, is frequently revised to suit Senators' afterthoughts—if any—veils the fact that Taft actually expressed his agreement with Millikin's concept of bombing one's allies in lieu of resisting one's enemies.

But the calm precision of Taft's sentences wove a sort of hypnotic trance, making everything sound sweetly reasonable. The listener hasn't the careful reader's opportunity to pull out parts here and there and lay them side by side, juxtaposing, for instance, the above quote with the following which appeared in the body of the speech: "The defense of the United States itself is, of course, the first goal of our own people, essential to protect our liberty; but it is just as important to the rest of the world that this country be not destroyed, for its destruction would mean an end to liberty everywhere and to the hope of restoring liberty where it has been lost."

One Senate colleague commented later: "Taft wouldn't appreciate this, but his intellectual analysis, which leaves out completely that intangible called courage, resembles nothing so much as the decadent rationalism of certain European intellectuals. Taft

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says Europe isn't defensible because the Europeans won't take the initiative; the European intellectuals say Europeans won't take the initiative because Europe isn't defensible."

When Taft had completed his address, it looked for a moment as if he would be allowed to sit down unchallenged. Senator Tom Connally, Chairman of the Foreign Relations Committee, sat staring stolidly ahead. Senator Arthur Vandenberg has not been able to visit the Senate since last April. Walter F. George of Georgia, No. 2 man on the committee, was absent momentarily. Elbert Thomas, Millard Tydings, and Claude Pepper, Nos. 3, 4, and 5, were more permanently absent—lame ducks of the 81st Congress who had been victims of McCarthyism. Eighty-three-year-old Theodore Francis Green of Rhode Island, No. 6 man, was also absent. Brien McMahon and J. William Fulbright, the remaining two Democratic members on the committee, were both glued to their seats. It was Paul Douglas of Illinois, a freshman Senator and not a member of the Foreign Policy Committee, who initiated the counteroffensive.

There was no reason why Taft should have teed off in the foreign-policy debate. The President's message was not to be read until Monday, January 8. Nobody knew the reason for this delay. But Taft had demanded that the work of Congress proceed. And Ernest W. McFarland, the new majority leader, decided, as he put it, that Taft "ought to be entitled to tell the President what he ought to say in his message next Monday . . ."

This episode, coming as it did at the second meeting of the new Senate, made prospects for any sort of consolidation behind an Administration program seem at an all-time low. It was but one of a series of tactical defeats that were administered to Truman—defeats that might later prove strategic disasters unless promptly remedied.

The Senate Democrats' election of McFarland the day before the 82nd Congress began was the first defeat; it was paralleled over on the House side by the 247-to-179 vote which overturned the so-called twenty-one-day rule and restored well-nigh dictatorial control of floor debate to the stodgy Rules Committee. Meanwhile the conservative coalition was busy in the Senate making committee assignments: Senators Robert Kerr and Virgil Chapman to the Democratic Policy Committee; Allen Ellender, Spessard L. Holland, J. Allen Frear, Jr., Dennis Chavez, and Lyndon Johnson to the Democratic Steering Committee.

Harris & Ewing

'McCarthy, tough, violent, supplying an emotional drive . . .'

A case could be made that the defeats of the Administration's supporters in Congress were due as much to their lack of initiative, along with that of the Administration, as to the manipulations of a conservative conspiracy. Ernest W. McFarland's emergence as majority leader serves to illustrate this.

The movement to make McFarland majority leader began shortly after the November elections. It was sparked by Senator Harry Byrd, the arch-conservative from Virginia, who sees in the present Senate balance a chance for himself to hold pivotal power. Assisting were Senators Kerr of Oklahoma and Johnson of Texas, two ambitious freshmen who, lacking the seniority needed for the post themselves, believed McFarland wouldn't be difficult to work with.

Nobody was dead set against the genial Senator from Arizona. His voting record had been moderately pro-Administration, and he is well liked. But few, including many who voted for him, were enthusiastic about his qualities of leadership. Instead of organizing an effective campaign for another candidate, Administration stalwarts in the Senate shilly-shallied. As far back as mid-November, certain Presidential advisers were working on a counter-strategy to meet the McFarland campaign. They urged Truman to give his support, openly or covertly, to one of the more progressive Southerners. John Sparkman of Alabama, a loyal Administration man on matters other than civil rights, was mentioned.

Sparkman had long been connected with Fair Deal housing legislation, and last fall he gained prominence as a U.S. delegate to the United Nations General Assembly. According to the secret strategy presented to the President, a nod toward Sparkman, together with a hint of compromise on civil-rights legislation, might bring Southerners back to the Administration fold. But for some reason this plan died.

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President Truman's State of the Union message, boldly picking up the Taft challenge while delicately soft-pedaling controversial domestic issues, was calculated to unify the Democrats. The reaction of the Congressmen showed that the seeds of a real majority policy are still alive, provided the Administration cultivates them. Southern Democrats are not planning to join the Taft camp on foreign policy. On domestic policy, the exigencies of national preparedness will make feasible revamped Administration programs that would never have passed as Fair Deal measures. Others, of course, will have to be sacrificed.

Even the most uncontroversial programs, however, require leaders to push them through. The opening days of the 82nd Congress show that the Administration just doesn't possess a Congressional team. It is a curious paradox that the more progressive members of Congress, who have consistently backed Fair Deal legislation, have lately been given chill receptions by the President. Admittedly Mr. Truman has a delicate job dealing with the mossbacks who, by reason of seniority, can usurp many of the powerful committee posts. But the President's liberalism sheds a pale light when he never passes a word of encouragement to the Douglases, the Lehmans, and the Humphreys.

As what Senator Ralph E. Flanders has optimistically called "one of the great historic debates in the Senate" gets under way, the shortage of leaders who will stand up and speak for Administration foreign policy is appallingly evident. Four candidates loom large at the moment—all comparative freshmen and consequently lacking in Senatorial power—Douglas, Sparkman, Lehman, and Fulbright. At the moment, only Sparkman can be sure of a smiling greeting and a friendly handclasp from Mr. Truman. There are signs, however, of a slight improvement. A confidant recently told me that in the case of Fulbright the President was willing "to forgive and forget."

"Forget what?" I asked incredulously, thinking perhaps there had been some major collision between the two.

"Why, don't you remember? It was Bill Fulbright who suggested that the President should resign after the trouncing we took in the 1946 elections," he replied.—DOUGLASS CATER

Bottleneck In Steel

Whenever the resources of the U.S.S.R. and the United States are compared, one U.S. asset dominates the rest: Our steel capacity is more than three times that of the Soviets. So some Americans will be startled to learn that whether we face global war or only the vast industrial demands of a garrison state, at no time in the foreseeable future will we have sufficient steel for all our needs.

The issue of steel capacity first came to the fore as the inflationary boom of 1947-1948 got under way. Steel fabricators found themselves pinched for supplies of their basic raw material, or reduced to paying such fantastic gray-market prices as $295 a ton for steels listed at $75. More and more demands were heard for increases in our approximately 91-million-ton annual capacity. Between 1929 and 1947, whereas total U.S. manufacturing capacity had increased by seventy-five per cent, steel capacity had grown by only twenty-five per cent. In 1929, steel capacity per year was 1,173 pounds per capita; by 1948 it had increased only to 1,268 pounds.

The steel industry replied to its critics' demands with the counsels of caution then common among businessmen. The president of Republic Steel expressed concern lest the industry find itself overexpanded in the event of recession. The head of Inland sought to demonstrate that in 1950 the United States would only be able to use a capacity of 76.2 million tons, which was 12 million less than was produced in 1948, about 21 million tons less than the amount that was used last year, and probably about 34 million less than the amount we could consume if we could get it. In a traditionally "feast-or-famine" industry, steel manufacturers still walked with the ghost of the early 1930's, when the mills operated one year at only 19.5 per cent of rated capacity.

But then, at some not quite definable point, the attitude of the industry changed and it decided to go along at least part way with its critics. At first an expansion to 94 million tons by 1949 was announced. This was subsequently increased by almost heroic proportions.

In all, since January 1, 1947, the steel industry has spent on improvement and expansion of facilities a total of $1.683 billion, a sum which equals about one-fourth of its entire capital investment today. On July 1, 1950, our steel capacity stood at 100.563 million tons, a gain of over 9 million tons in three and a half years.

Since the outbreak of war in Korea the industry has announced a still more ambitious program, which will raise our capacity by 1953 to 110 million tons—about twice our rated capacity during the First World War, and about twenty-three per cent greater than the highest peak of production reached during the Second World War.

Yet so vast have our needs become that even this planned increase will not be enough. We shall not need only 110 million tons by 1953, but 120 million at the very least, and possibly 130 million, if we are to arm both ourselves and the rest of the free world and still keep our civilian economy afloat.

The need for this vast further increase raises a frightening specter for the traditionally conservative steel industry, which presumably has already strained its fiscal muscles and taxed its financial imagination in its announced plans for the coming three years.

At today's levels, 10 million tons of added steel capacity would probably require an investment of around $3 billion. An increase of 20 million tons

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would necessitate twice this investment, or about $6 billion. Today the industry's total investment is only $6.223 billion. Thus the industry is faced with the necessity for doubling its investment in order to get a mere twenty per cent increase in capacity.

Inflation accounts for part of this dilemma. A blast furnace that cost $7 million to install in the early 1920's now costs almost exactly three times as much, and an open-hearth shop that cost $8.5 million in 1940 has gone up to $17 million. But raw-material costs are also responsible for the phenomenal rise. As a result of the last war, the once fabulously rich deposits of Lake Superior ores, which at present supply some eighty per cent of the industry's needs, are running low. So the industry has been forced to develop new sources of ore, as well as to study means for using taconite, the low-grade ore that still abounds in the Superior region. Both steps require a lot of capital.

According to the American Iron and Steel Institute, it will cost $300 million to develop the new Quebec-Labrador fields, where some 350 million tons of ore have already been staked out. Millions more will be needed to exploit the even greater reserves recently uncovered in Venezuela. At present taconite can be used only through a process that entails a capital investment of between $15 and $20 per ton of ore.

Coking coal, of which the steel industry uses about 83 million tons a year, is another problem. Much of the coal being produced today needs washing before it can be used economically in blast furnaces. One washing plant capable of cleaning two thousand tons of coal an hour was recently installed at a cost of $17 million. More and more will be needed. The industry's recent expansion for the most part represents improvements in techniques and the conversion of old plant to more modern facilities. Examples are the use of oxygen to enrich the air in furnaces, and the employment of higher air pressures. Even more important has been the large-scale substitution of electric furnaces for older processes. It is generally assumed, however, that the limit of expansion by such means has about been reached—in the case of electric furnaces, for instance, the industry now faces a bottleneck in cheap electric power. From here on in, therefore, almost all new capacity will have to come from new plant construction.

In a speech two years ago, R. E. Zimmerman, U.S. Steel's vice-president in charge of research and technology, put the necessary outlay for new production at $300 per ton of finished steel, as against $100 per ton before the Second World War. Referring to Zimmerman's estimate, Marvin Barloon, the steel economist of Western Reserve University, pointed out: "The investor has to put $300 into integrated plant and working capital to produce a ton of finished steel per year. But the ton of steel may return the investor an annual profit in the neighborhood of only $7.12. At this profit per ton the investor would have to run his plant at full capacity for forty-two years to get his $300 back. But the plant would wear out long before the forty-two years had passed. So the investor would never get his money back."

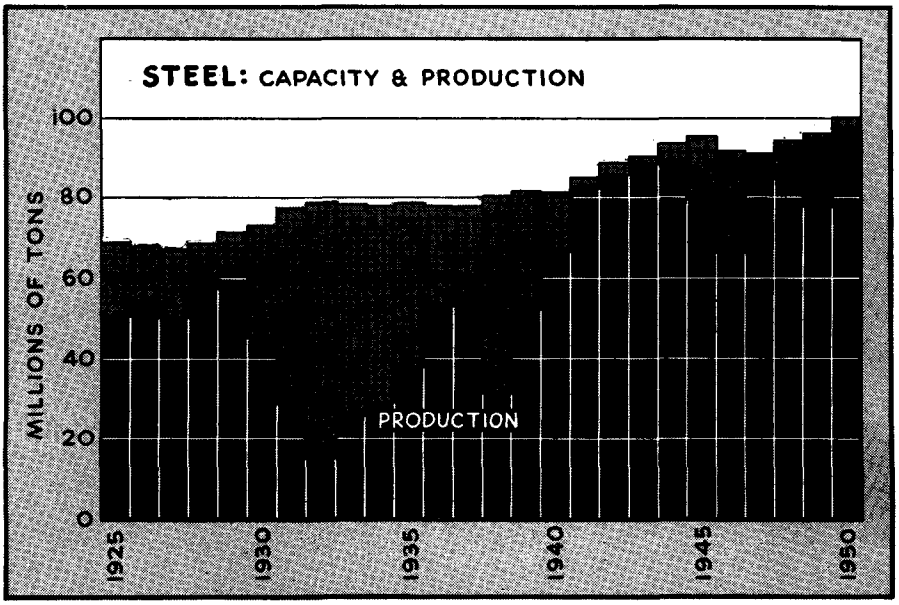
Finally, while the cost of developing new capacity has more than tripled since 1939, the selling price of finished steel has increased by only sixty to seventy per cent. The industry has always been politically vulnerable, and our inflated postwar economy would have received a dangerous impetus from any big increase in the price of such a basic raw material.

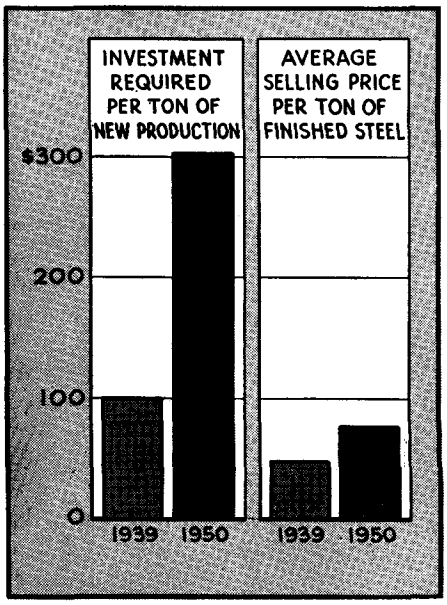
The United States Steel Corporation is today able to erect a new plant near Morrisville, Pennsylvania, announced as a $400-million installation with a 1.8-million-ton capacity—$222 capital investment per finished ton capacity for furnaces and rolling mills alone—only because of certain factors which would not apply in most other companies' expansion. Above all, the corporation has an enormous amount of old capacity which has been drastically depreciated and against which it can average down this new investment.

It is estimated that in the next five years the entire industry will require about $2 billion beyond present depreciation allowances to keep its existing capacity in efficient operation. Twenty million additional tons will require another $6 billion, even allowing the dubious assumption that installation costs will not increase still further.

Thus the steel industry promises to

Starworth





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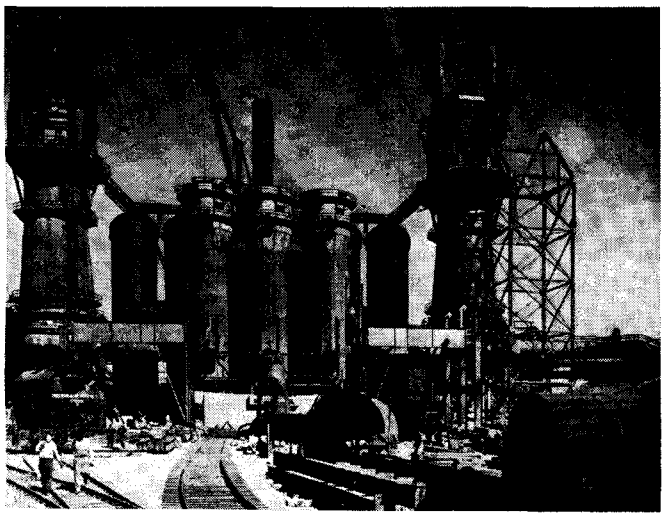
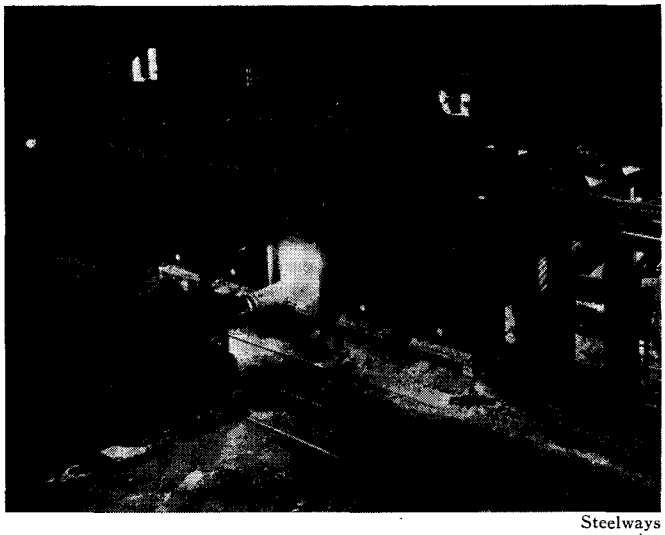




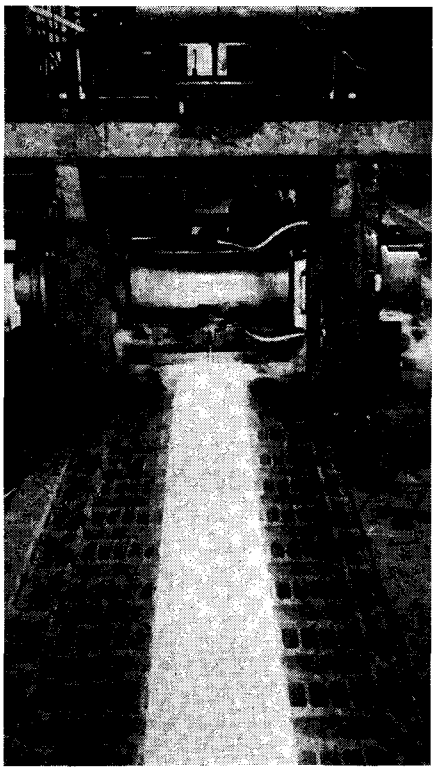
Steelways

New capacity: Section of two new blast furnaces and a recently completed open-hearth plant

require a total investment of $8 billion for improved and new plant by 1955 if it is to provide the raw-material base for even our semiwar economy and at the same time keep our civilian economic life going. Where is the money to come from?

Certainly not from private investors, who can buy steel capacity in stocks listed on the New York Stock Exchange far cheaper than they could possibly get new capacity. Nor can the steel companies themselves provide any such sum out of their earnings and surplus. Total holdings of cash and government securities by the various companies in the industry at present do not amount to one-third of $8 billion. As for earnings, steel profits are much more apt to decrease than to increase in the years ahead—with price ceilings in the near future and an apparent intention on the part of government to allow wages to go somewhat higher. Total profits in the industry in 1949 were $527 million, about one-fifteenth of the sum in question.

The question, of course, can only be answered one way: The new money will, in some form or other, have to come from the government. The story of the backers of the proposed New England steel mill illustrates this point perfectly. When first launched, the project was to be entirely privately financed. Later, the plans were altered to include the use of state credit through the establishment of an authority empowered to issue tax-exempt bonds. Today the backers of the project, although no lovers of the government in business, are hoping for outright Federal financing.



Wide World

A continuous-strip mill

Just where this subsidy of expansion will leave the taxpayer and the industry itself is as yet not clear. At present, permission is given by the government, under what is called a "certificate of necessity," for companies to write off investments necessary to the defense effort in five years instead of the usual fifteen or twenty. So far, 186 certificates have been issued on investments totaling $1.5 billion.

While this procedure, which amounts to a tax postponement, allows the firms heavy tax savings during the five-year period, after that they have to pay much larger taxes than they would under ordinary depreciation practice.

Under consideration, now in Washington are other measures, still further tax concessions, some guarantee of market and perhaps of price, and the making of long-term loans by the government. Such loans would not be made under the legal restrictions now applying to the RFC, but probably will be disbursed on a directive from the Defense Production Administration. Any company receiving such assistance would, as with the present amortization speed-ups, have to hold a certificate of necessity.

Whether it costs the taxpayer much or little for the country to get the steel it will need in the years ahead will depend entirely upon the soundness and wisdom of the policies now being formulated by the government.

The steelmasters of Pittsburgh can hardly be happy at the turn events have taken, imbued as they are with doctrines that frown on government interference in business and any encroachment on a free capitalist state. But they will go on contributing their skill, know-how, and experience in exchange for profits that can hardly be expected to match those they have recently known. —JOHN HARRIMAN

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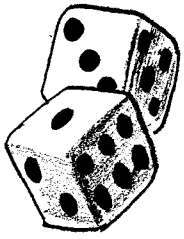
The Financial Wizard Of Omaha



This is the story of an "operator." His name is Gordon W. Diesing. That he is not better known may be just another tribute to his ability as an operator.

Diesing is an Omaha, Nebraska, citizen who has never lived or worked on a farm. But until recent events slowed him down, he was well on his way to building a vast farm empire of which he would have had sole control by 1954. He started from scratch less than three years ago.

In 1948, Diesing was just another lawyer—a tall, easygoing bachelor whose receding but thick black hair and whose physique, only slightly gone to fat, belied his forty-two years. Up to that time he had been practicing law for almost twenty.

One day, Diesing came across an article in *Fortune* magazine describing how many of our biggest charitable, religious, and educational foundations had bought and were operating private businesses tax-free. Behind the practice, the article said, was a specific Internal Revenue Code exemption for such organizations.

Late in 1948, Diesing began to charter nonprofit foundations under Nebraska laws. Within a few months, he had eight different foundations to his credit—some educational, some "religious and charitable." They ranged in title from the "Crusade for Freedom" to the "Sacra Coeur" foundation. In financial structure, they also varied from strictly nominal capitalization to no capitalization at all.

Diesing, faithful to the tradition of operators, didn't plan to spend much of his own money in any event. The largest amount at which any one foundation was capitalized was ten dollars.

To be assured of complete control, Diesing appointed himself not only president of each foundation but also treasurer, secretary, resident agent, general counsel, and chairman of the board of trustees. The charters stipulated that all activities should be managed and controlled exclusively by the president and the treasurer.

Diesing's next step was to put in a long-distance telephone call to Thomas D. Campbell, a man whose farm operations had earned him the title of "Wheat King of the World." Had Campbell, Diesing wanted to know, ever thought of selling his 65,000-acre farm in Montana? Campbell hadn't, but he was willing to start. A meeting was arranged.

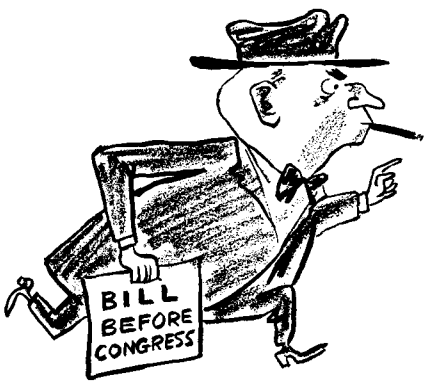
Diesing arrived at the meeting armed with little more than photostatic proof of his tax exemption and a few cogent figures. To Campbell, it sounded then "like the craziest deal in the world." It still does.

But Diesing's figures proved very persuasive. Campbell's farm probably averaged a profit of about $400,000 a year. But since the farm was incorporated, thirty-eight per cent of this amount, or $152,000, went to the Federal government in corporation taxes. Out of the remaining $248,000 came state taxes and individual income taxes, the latter especially onerous for a man in Campbell's income bracket. After all these taxes, Campbell was left with possibly $50,000 out of his corporation's original profit.

If Campbell were to sell his farm to one of Diesing's tax-exempt foundations, however, the $152,000 in corporation taxes could be completely saved. Moreover, since the foundation had no stockholders clamoring for dividends, the entire $400,000 would remain intact. As for his foundation, Diesing would be satisfied with possibly fifteen per cent, or $60,000—thus leaving $340,000 to be returned to Campbell each year as an installment on the sale.

True, Campbell would lose ownership of the farm—and with it $50,000 annually in take-home profits. Also, he would have to pay twenty-five per cent of the sales price in capital-gains taxes.

But Diesing was prepared to compensate for these factors. He offered Campbell $2 million for the farm, a figure Campbell has compared to "the million and a quarter I'd have been lucky to get on the open market." The



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margin of $750,000 would cover not only the $500,000 in capital-gains taxes but also Campbell's $50,000 income for five years. And at $340,000 a year, the sale would be paid off in approximately the same amount of time. Also, Diesing offered to retain Campbell as manager of the farm at $12,000 a year until the sale was completed.

In the spring of 1949, Campbell signed the papers. Diesing had taken title to one of the nation's biggest and best farms "without paying a nickel down," according to Campbell.

"Diesing's exemption from corporation taxes is the key," Campbell has explained. "Without it, there would have been no deal." But conversion to a position of capital gain was also a prominent consideration. "Any financier will tell you that the only way to pile up large sums of money today is through capital gains." And Campbell wanted large sums, he has said, to expand another of his farm holdings, a 48,000-acre ranch in New Mexico.

A month after the Campbell transaction, another of Diesing's tax-exempt foundations bought a 30,000-acre cotton plantation in California for $4,078,000. The plantation had been owned by Russell Giffen and twelve other stockholders. As might be expected, the method of payment was much the same. Giffen did insist on a "small down payment," the balance to come from the farm's net profits. Diesing's foundation was to receive fifteen per cent of these annual profits until the sale price was paid.

When the Campbell and Giffen purchases were made, Diesing made the mistake of bragging about his activities to friends. The news leaked out locally, and Diesing discovered the meaning of a bad press. He also learned a lesson; any more recent deals that may have been made through his eight foundations remain unknown. Diesing himself now claims that except for the Campbell and Giffen farms his foundations are all "dormant."

What Diesing himself gets out of all this is difficult to discover. Officers of foundations generally receive an annual "token" fee for accepting the responsibility involved. Several independent foundations have quoted $1,000 as a quite modest token.

Nebraska law specifically forbids the payment of such a fee to only one class of foundation officers—the trustees. Implicitly, then, Diesing is left with a total of forty positions—five in each of eight foundations—for which he legally could accept money. If he were to receive the above-suggested $1,000 for each position, Diesing would obviously be enjoying an annual "token" income of $40,000. On the other hand, Diesing may expect no earthly reward.

Soon after the Campbell and Giffen deals, Diesing's troubles began. First it was his initial trustees: three female Benedictine and three male Trappist orders. Venerable Mother M. Dolorosa, primate-general of the Benedictine Sisters of Perpetual Adoration in this country, wrote:

"We became trustees [in September, 1948] in the first place only after much pressure had been brought to bear [by] Mr. Diesing, who had long been a friend of our community. . . ."

Whether or not Diesing himself later hinted at his real plans, the various trustees did get wind of them, even before the Campbell and Giffen purchases. On January 21, 1949, Mother M. Dolorosa resigned for the Benedictine Sisters. The Trappist groups all followed suit within the next few months. However, on April 25 Diesing wrote Mother M. Dolorosa, advising her of the Campbell deal and asking her to reconsider the Benedictine resignations.

According to Mother M. Dolorosa, Diesing's letter continued: "If you expect me to assist in paying your debts, I most certainly think the divine law of charity insists that . . . you consent to again be trustees. Your refusal will mean immense loss of financial assistance in future years to your convent."

On May 7, Mother M. Dolorosa replied, confirming the resignation as final. "Our bishop," she said, "highly disapproved of our being connected with any business enterprise which involves a tax exemption of this nature."

By June 8, all six former trustees had thus positively reaffirmed their resignations, but Diesing continued to use their names. Finally, all six were forced to take their cases to the office of the secretary of state at Lincoln, Nebraska.

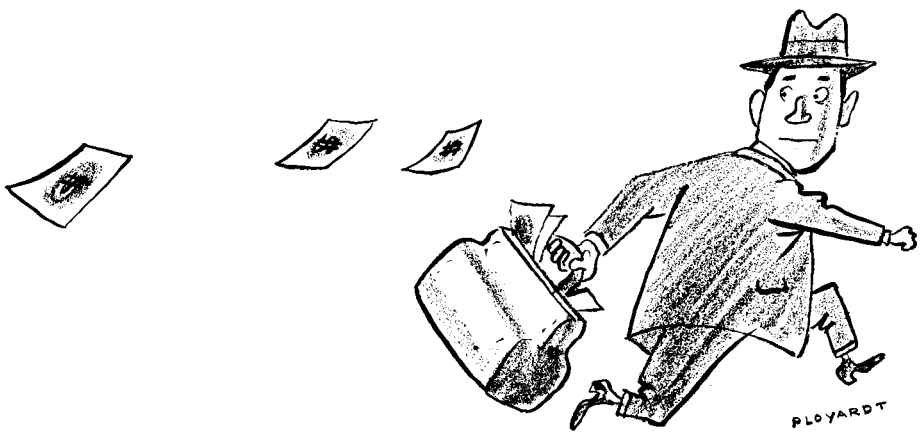
The letter from Father M. Robert, abbot of the Trappist-Cistercian Abbey at Conyers, Georgia, was typical: "I stipulate that neither my name nor the name of [my abbey] should be used in any further connection with . . . any foundation or any corporation of which Mr. Diesing might be named president or chairman of the board."

All during early 1949, Diesing had also referred to Francis P. Matthews, who is now Secretary of the Navy, as a trustee. But Matthews, a prominent Catholic and an old Omaha friend of Diesing's father, was not to become a trustee until summer.

"Gordon had told me something about what he was doing and had been after me a long time," Matthews recalls. "Finally, I agreed to do anything I could to help the Trappists."

Matthews became a trustee on July 21. What Diesing evidently had *not* told him was that the last Trappist group had "completely disassociated" itself from Diesing's help some six weeks before.

Matthews lasted less than two months. Then, on September 16, he too resigned. "I had understood that Gordon was forming a foundation to help Catholic orders invest their money," Matthews explains. "Then I



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found out they didn't have any money to invest."

Nebraska law requires every nonprofit foundation to have a minimum of three trustees. But at several points, Diesing was down to one—himself. He finally solved this problem, after Matthews's resignation, by appointing two laymen—men he personally has described as "close friends."

Diesing's next trouble came from Noah M. Mason, Republican Congressman from Illinois. On the same day the last Trappist group gave Diesing its resignation, Mason had introduced a bill, one of the provisions of which called for taxation of the "business income" of all charitable, religious, and educational foundations. Such a measure, of course, would have completely sealed off Diesing's loophole.

Less than ten days after Mason's first speech on the bill, the stubby Congressman received a letter from Diesing: "I read an article in the Chicago *Tribune* stating that you gave a splendid speech in the House attacking the tax exempt. . . . Kindly send me several copies of your excellent speech, and send me several copies of the bill you introduced."

Mason complied. On July 9, Diesing wrote again, thanking him: "I would appreciate it very much if you would advise me as to the progress of your splendid bill through the [Ways and Means] Committee and the House."

Mason complied again, saying he didn't expect to press for passage of his bill until the second session.

Diesing's next letter to Mason, a month later, reported "tremendous interest in the Bar Association" in Omaha. "Kindly send me all the detailed information you have on the matter as promptly as possible," Diesing wrote. Also, in connection with three organizations named in Mason's speech, Diesing wanted to "know in detail how they own and operate such a business and not pay any income tax."

Possibly because of the reference to the bar association, Mason considered this letter important enough to turn over to the National Associated Businessmen, a lobby which was solidly backing his bill. And on August 26, Mason received from Loring A. Schuler, head of the N.A.B., a two-page "suggested answer to Mr. Diesing." It may be assumed that this answer satisfied Diesing's purposes, for he wrote no more. However, he didn't have much more time to write, for a month later Mason discovered the true nature of Diesing's interest in the bill. On October 6, Mason notified his Nebraska correspondent of this discovery by exposing the eight-month-old Campbell deal to the House.

"I think it's the funniest thing I ever heard of," said Mason's secretary, Mrs. Evelyn Krupp. "He acts like he

approves of the bill, then organizes everything he can lay his hands on." But "the boss doesn't think it's funny at all," according to Mrs. Krupp. In fact, she says, Mason blames her because it was her idea to answer nonconstituents' mail.

The Ways and Means Committee, after extensive hearings, shelved the Mason bill last summer, and Diesing was apparently in the clear. He had two trustees he could count on. He had letters of detailed information from a Congressman—letters that much more than offset any harm that same Congressman's dead bill could do him. And he had his own ability to cope with situations as they arose. Perhaps his career had only begun. Campbell had said: "If I had a deal like that, I'd buy up the whole world."

But when I visited Diesing in Omaha last fall, he looked and acted like a tired businessman. His manner of speaking was considered, almost phlegmatic—though his chain smoking hinted at an inner tension. His answers were as evasive as I had anticipated, if not as skillful. When cornered, however, he had a perfect comeback: "It would only be personal vanity for me to talk about it." The interview was singularly uninformative.

If Diesing appeared more worn than usual during this period, he had good reason. He had just returned from two disheartening weeks in Washington. It looked as if the legislators, in one game at least, were finally catching up with the operators.

With the Korean situation had come a demand for more money. Congress started all over on a tax law. And although the Mason bill itself wasn't dragged off the shelf, one of its segments was. Included in the final draft of the new bill was the exact provision Diesing dreaded, a provision specifically denying nonprofit foundations tax exemption on any income from business enterprises "unrelated to the exempt purposes of the organizations."

Diesing's loophole was gone. His foundations no longer enjoyed any tax exemption.

His immediate goal was to salvage what he could. Both Campbell and Giffen had considered the loophole "wrong" from the beginning. And, expecting a change in the law, they had demanded escape clauses in their contracts. Diesing, of course, marshaled all his arguments to prevent these clauses from being invoked. "We spent a lot of time on the phone those days," Campbell recalled recently.

The details of these long-distance conferences must be filled in from peripheral information; but the results indicate that Diesing had some persuasive reasons for continuing the transaction, even without his tax exemption.

In the first place, as Campbell was no doubt reminded, the new tax law had not altered the capital-gains aspect of the deal. In fact, by increasing corporation taxes fifteen per cent and high-income individual rates as much as thirteen per cent, the new Act actually strengthened this particular phase. Because of these increases, Campbell would now be enjoying only about $25,000 out of his farm's $400,000 income—as opposed to the $50,000 he got previously. And on the horizon was an excess-profits tax that might cut his take even further.

Then, too, Diesing had already paid

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one $340,000 installment, and would be able to pay a second before the new tax law took effect. Roughly a third of the sales price, perhaps more, would be paid under the original agreement.

And finally, the installment payments could be continued, though the loss of tax exemption would necessitate a lower rate. Even under the original deal, the payments were to come "out of the farm's profits." But Diesing's foundation could pay the new, much higher corporation tax on those profits and still have nearly $200,000 a year left to turn back to Campbell. And with about $700,000 of the $2 million already down, it still would take Diesing only nine years to pay off.

Campbell's only alternative was to go through the legal entanglements of repossessing his farm. Such a process would not only be messy but also—in the case of so sizable a piece of property—very expensive.

Campbell decided to play it Diesing's way. "The deal is still on," he says. "Now that it's gone this far, it's better to go the rest of the way." But, as Campbell had previously said, "It would never have started without the tax exemption."

Giffen evidently made the same decision. His lawyer wrote: "I wish to state that no change whatsoever has been made in the original transaction, and that the . . . stockholders expect the organization which Mr. Diesing represents to perform its agreement in accordance with the terms thereof."

The "terms thereof," however, call for "a minimum payment that must be met each year." Campbell's contract no doubt contains a similar stipulation. And it is possible that without his tax exemption, Diesing has trouble meeting these minimum payments. Thus, he may be paying off debts for a considerably longer period than nine years.

Obviously, the new tax law has ended Diesing's dreams of expanding. He has his hands full.

In Diesing's particular game, the legislators have come from behind to tie the score. But other games are already in progress, in the oil fields and in the commodity exchanges, to name but two places. And where there are loopholes, such as depletion allowances and speculative freedom, there will be found the Gordon W. Diesings.

—William S. Fairfield

Santa Anita: Extractions Performed Painlessly

The voters of California went to the polls last November 7 and soundly defeated a proposition that would have legalized and taxed all forms of gambling in the state.

Not even the pressure of the highly organized illegal gambling forces was enough to account for the solid front raised against the proposition. Nor was the fact that the measure was not altogether a test of legalized gambling, but in addition a grab for power by the state's oft-discredited "Ham and Eggs" pension promoters. There had to be something more, and there was. It threatened to break the legal-gambling monopoly of the race tracks, and of one track in particular—Santa Anita.

Santa Anita, the richest horse-racing organization in the world, is a Southern California institution of the first magnitude, with impeccable connections and an almost unparalleled record of contribution to worthy causes and participation in community affairs. It is one race track that has found favor among people who would ordinarily oppose racing.

Listen, for example, to what an official of the prosperous little town of Arcadia, which lies sixteen miles from Los Angeles and is Santa Anita's home ground, has to say about it: "If it wasn't for Santa Anita, this town would have disappeared from the map in the depression. We're here because the track's here."

Or to a local Boy Scout official: "Contributions from Santa Anita have helped us build American youth."

Or to a politician: "Santa Anita is so strong in this part of the country you can't raise your voice against it. I'd hate to have it get after me."

Or to a large Los Angeles newspaper: "Every big private institution has a duty to the people, and Santa Anita has met that duty without haggling or holding back. It has earned the respect not only of civic leaders but of the common people as well."

Consider the track's charitable activities for fiscal 1949. In that period, with the approval of the state Horse Racing Board, Santa Anita gave $200,000 to the Community Chests of Los Angeles and thirty-eight surrounding towns. In addition, it gave $550,075 to 175 other local organizations. Of this second amount the Red Cross received $75,000; the Los Angeles Community Welfare Foundation, $150,000; the Los

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Angeles Area Building Funds, Inc., $25,000; the Los Angeles Council of the American Legion, $75,000; the United Jewish Welfare Fund, $5,000 (down $20,000 from other years); the deputy auxiliary police organization of fifteen county communities, $3,000; the Los Angeles V.F.W., $2,000; Greater Los Angeles Plans, Inc., $50,000; the Los Angeles Council of the Boy Scouts, $12,500. Besides these major beneficiaries, there were over a hundred minor ones.

Los Angeles' four major newspapers benefited handsomely, as they have for many years. Hearst's *Examiner* and *Herald & Express* each received $25,000, to be distributed to charity through the Marion Davies Foundation. The Los Angeles *Times* Charities received a like amount, as did the foundation of the Los Angeles *News*. The track attached no strings to any of these donations. When they were disbursed, they bore each paper's, not the track's, by-line.

During the year in which this largess was distributed, Santa Anita took in $77,981,791, plus a miscellaneous million or so from concessions, plus $150,561 in breakage (winning bettors are paid to the nearest nickel, and the odd pennies go to the track). Of this total, some $67.3 million was returned to the horseplayers; Santa Anita's commission was $5,758,725; and the state got about $4.7 million in taxes. The gross take had fallen off from previous postwar years, but the charity went on.

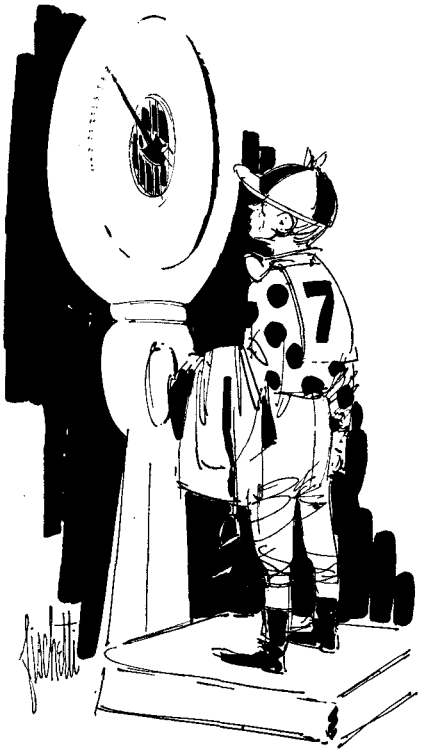
Another reason why Santa Anita wasn't left to the mercies of pension promoters was Santa Anita's board of directors. These men give the track entree into the least accessible interlocking-directorate levels of Los Angeles life. They not only sit on the track's board; they cross-sit on one another's corporation, utility, and company boards.

Running through the directorate roster, one finds William M. Jeffers, vice-chairman of the board of Union Pacific; Leonard K. Firestone, president of the California branch of that tire company; Reese H. Taylor, president of the Union Oil Company; and a crew of bank presidents, gas men, aircraft men, engineers, cement men, and what not. At the bottom of the list is Dr. Charles H. Strub, an erstwhile chain-office dentist, who made and lost at least one fortune before he conceived and built Santa Anita.

Santa Anita's list of stockholders is almost as impressive as its directorship, with names that represent, it is said, one-fourth of the wealth of California. These names cannot be presented here because the only way to get them is from some track stockholder, or by buying a share of Santa Anita stock oneself. Since a single share of this stock, which sold originally for five thousand dollars, now fetches as much as $64,000, this procedure seemed impracticable for reportorial purposes.

Despite its hosts of friends and defenders, Santa Anita does have critics, who point out that the track receives nine per cent of the first $10 million bet in any season, eight per cent of the second $10 million, and seven per cent of all over that amount, plus breakage, while the state collects only four per cent of the first figure, five per cent of the second, and six per cent of the rest. This ratio, they say, is against the interest of the people and a far cry from the allotment in other racing states—New York, for instance, where state and local governments get eleven per cent of the total bets and the tracks four per cent.

Nor does the faultfinding stop here.



Santa Anita's charities are said to be forced on it, since state law requires all California tracks to give the proceeds of five racing days per season to good works—but doesn't stipulate what works. Strategic placement of this money has built for Santa Anita one of the most powerful lobbies California has known—the vast, unprofessional lobby of debtors that went to work on the legalized-gambling proposition, and which ensures that no voice or chorus will be raised against Santa Anita's profits or prerogatives (such as its monopoly of Los Angeles' choice winter racing season).

Besides buying off the people who might ordinarily oppose racing, say the critics, Santa Anita has caused unfavorable bills to die in committees of the state legislature. They also say that the track has contributed by its presence to the rise of crime in Los Angeles and vicinity.

Moves to establish a third track in the Los Angeles area have foundered against the Horse Racing Board. The latest third-track effort, launched by a group of investors who have wanted to build a track at Puente, near Los Angeles, has been frustrated by the H.R.B. on the grounds that it was not "in the public interest." The state allows one hundred days of racing in the Los Angeles area at the moment, and this time is now equally split between Santa Anita and Hollywood Park, which races in summer. A third track would upset this arrangement, and reduce profits all around. A state supreme court decision on the matter is still pending.

In 1933, Hal (Our Gang) Roach, then in his polo phase and well aware of the profits to be got from a Southern California race track, applied to the newly created racing commission for a permit to build one. Encouraged, he rounded up a prominent set of investors, including Norman Chandler of the Los Angeles *Times*, A. P. Giannini, founder of the Bank of America, Darryl Zanuck, Harold Lloyd, Robert Montgomery, and Chico Marx. But Roach was beaten to the State Capitol in Sacramento by another applicant, the afore-mentioned Dr. Charles H. Strub, who already had the permit and an even more influential set of investors, including the heads of the Standard Oil Company of California and

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the Southern Pacific Railroad Co.

After some bristling, the two groups pooled resources and bought the old Rancho Santa Anita in Arcadia. A beautiful million-dollar plant was built, giving employment to much of Arcadia's depression-plagued adult population. (Dr. Strub has always plugged wisely for hiring locally.)

In its first season, Santa Anita paid off its indebtedness. Thereafter, success became something of an embarrassment. In sixteen years the track has earned nearly $20 million for its stockholders, well over $10 million for the state, and other millions for the Federal government. Its plant, good will, and position are now valued at around $15 million.

Dr. Strub, a large, positive, icy-eyed man, now sixty-six, soon rose to eminence and now holds the title of executive vice-president in the Santa Anita organization. He was listed as the second-highest-salaried executive in the United States in 1946.

While a young dentist in San Francisco and Sacramento, the doctor played semipro baseball to add to his income. Some years later, after he had become one of the first California practitioners to put tooth-pulling on a well-advertised assembly-line basis, he was asked to buy into the failing San Francisco Seals baseball club. He bought, promptly showed the baseball world how to make more money from the sale of hot dogs, pop, and players than from admissions, and took over the financial affairs of the club from his partners.

While with the Seals, Strub abandoned chain dentistry. He considered re-entering it when the stock-market crash wiped him out, but horse racing distracted him. In 1932, with a group of influential friends, he set out to change the state law against racing. Presently Strub walked out of the governor's office with the first permit to run a California track.

At Santa Anita, Strub aligned himself with Los Angeles, as distinguished from Hollywood. Hal Roach stayed on as president of the Los Angeles Turf Club for a few years and then dropped out, along with most of the other movie people. Meantime, Dr. Strub was the real power, charging admissions ranging up to $5.40 for the best seats—on the theory that horse racing is primarily a spectacle, not a gambling device. Under his guiding hand, Santa Anita cultivated the working press on an interesting scale. On one occasion the track sent reporters from the four Los Angeles dailies to the Kentucky Derby at a cost of $1,500 each—"to broaden their education in the techniques of other tracks and breeding farms." At other times, Santa Anita also paid at least eight sportswriters for covering its races—for doing the work to which their editors assigned them and for which their papers had hired them.

The fact that Dr. Strub insisted on running the cleanest of tracks (Santa Anita introduced such bet protectors as electric timing and the photo finish) helped bring on an era of good feeling. Dr. Strub prospered. Besides his salary, he receives ten per cent of the track's net profits, before taxes, plus a complex of bonuses that have brought him around $5 million in sixteen years. In 1946, the year he placed among the nation's top wage earners, he made $529,412.77.

Perhaps whatever resistance there is to Santa Anita comes from people who have somehow missed out on the track's charity. Or from Santa Anita's growing army of losers. Or from people who want gambling suppressed altogether, and not half-suppressed.

Whatever its source, this opposition should be no cause for alarm to the world's richest race track. Santa Anita's position and wherewithal will not be in any serious danger in the foreseeable future. The voters of California have seen to that.

—Richard A. Donovan

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Entertainment vs. the People

We have had the mass media of entertainment for a long time now, the radio for a generation and the movies nearly two; but it has taken the rise of television to drive home in a frightening way the implications of mass communications for our culture. On the surface, Americans seem to have taken to television; the world today is in nearly everyone's living room. But underneath, one detects a pervasive nervousness. Certainly when the television industry revealed the mailed fist for a moment last November (THERE ARE SOME THINGS A SON OR DAUGHTER WON'T TELL YOU!), the cry of national outrage was out of all proportion to just another sour advertising campaign. It apparently bespoke a deep popular unrest before the whole phenomenon of TV.

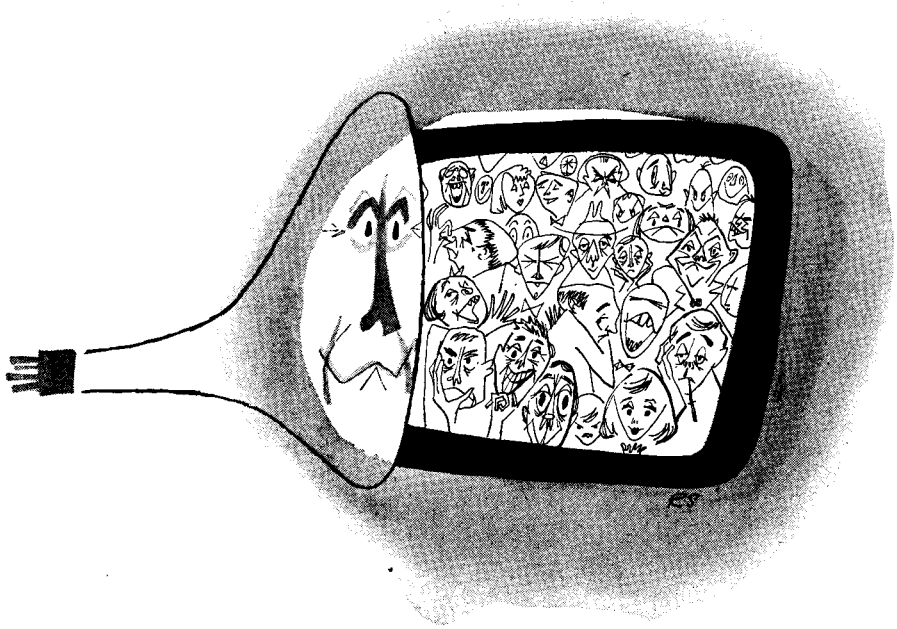
Television combines and compounds the impact of the earlier mass forms. It arms radio with the magic of image and motion; it gives the home a built-in movie house. It impinges, *Life* magazine tells us, "upon the common life as nothing else ever has."

Yet in a sense TV has only speeded up tendencies that thoughtful critics have discerned in our system of mass communications from the start. We are fortunate in having two recent books that together provide a clear and formidable analysis of the general crisis of the mass media. One is *The Great Audience,* by Gilbert Seldes (Viking, New York, 1950); the other is *Radio, Television, and Society,* by Charles A. Siepmann (Oxford, New York, 1950)

The two books differ considerably in tone, manner, and approach. Gilbert Seldes, of course, is an acute critic of our popular culture. (Can it be over a quarter of a century since the publication of that blithe book *The Seven Lively Arts*?) He writes from the inside, as a man who has worked in radio, television, and the movies. His style is informal, unpretentious, and shrewd. Charles A. Siepmann is an Englishman, now heading the Department of Communications at New York University. Though he served a term in the B.B.C., he writes much more as an outsider, a systematic academic critic, dispassionate, scholarly and at times somewhat schematic in his approach. Yet on most crucial points of diagnosis, Seldes and Siepmann substantially agree.

The basic trouble, they suggest, lies in the conception of the "mass" held by those who control the great media. The masters of the media do not think of America as a pluralist society, made up of diverse and richly differentiated groups. They think of Americans rather as making up a uniform audience, with a limited number of identical interests. As Frank Stanton, the president of C.B.S., has put it: "A mass medium must concern itself with the common denominator of mass interest. . . . [It] can only achieve its great audience . . . by giving the majority of people what they want."

What kind of a policy is this? "To talk of *giving* [the people] what they want," Seldes observes sharply, "is nonsense unless we know the capacity of the giver to satisfy wants and—the essential question—how people come to want what they want." How do people know what they want if they have no alternatives to choose between? The theory of the "common denominator of mass interest," he continues, forecloses any real possibility of choice. In so doing, it contradicts "the most familiar, perhaps the most fundamental, principle of American life—the principle of the diversity of human beings. . . . Americans are not one huge lump." The mass theory of



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the public, Siepmann adds, is a "form of tyranny which, as it either excludes or scouts the interests of minorities, is . . . the breeding ground of intolerance and the ultimate death knell of democracy."

Perhaps you can keep your own child from television and the comic books; but will this matter if a whole generation is reared according to the mass fallacy? The first broad effect, of course, is to foster apathy. The mass media "put the consumer in a passive role" (Siepmann); they create "an atmosphere of passive acceptance in which asking questions is becoming a sign of eccentricity" (Seldes). By depriving the citizen of choice, they deprive him of initiative; in time he comes to like only what he can get. In the atmosphere of apathy, values lose their propulsive power; as the media raise their voices to break through the apathy, language becomes cheapened and debased; the corruption of words facilitates a corruption of politics. "The slovenliness of language," as the late George Orwell put it, "makes it easier for us to have foolish thoughts."

"In previous ages," Siepmann writes, "men have been enslaved by brute force. The mass media make suppression possible by the subtler device of the debauchery and the enslavement of men's minds." The mass media, says Seldes, "are committed to the destruction of democracy."

Now this is all very well: any of us may feel that pessimistic after a bad movie or a vulgar broadcast. Yet, in an age when we hear all too much about crisis, we are entitled to wonder whether the actual situation is, in fact, getting worse all the time. Can we be sure beyond any doubt that the present direction is down and not up?

Certainly the evidence is, to say the least, contradictory. In many observable respects, the situation has clearly got better rather than worse. Even Siepmann will concede of the mass media, "Any one of them is probably better (and not merely technically better) than it was twenty years ago." Radio has improved; movies showed a steady improvement—at least up to the point where the Legion of Decency and the Production Code froze them into a state of permanent adolescence. Newspapers are much better today than they were in 1850. Even advertising, in spite of the recent efforts of the television industry, is considerably less disreputable than it was before the passage of the 1906 Food and Drugs Act. Speech may well be more free today than it has been in our history. If it is hard to say a good word about the Soviet Union (for those curious persons so inclined), we must remember that sixty-odd years ago the editor of the *Century* boasted of expurgating *Huckleberry Finn* before serial publication, and that a century ago the pantheist Abner Kneeland was jailed in Massachusetts for blasphemy.

If all this is so, what are people so excited about? Can it be that this sense of crisis arises, not just from movies and radio, but from a deeper uncertainty proceeding from the very conditions of modern living? It is this larger question to which David Riesman addresses himself in his brilliant and original new book *The Lonely Crowd* (Yale University Press, New Haven, 1950). The problem, he suggests, is not just the mass media. The mass media only hold a mirror up to the secret hopes and fears of society. The problem is a basic shift in character structure as society itself has shifted its center of concern from production, the making of things, to consumption, the use and enjoyment of things.

Society, Riesman assumes, produces different types of character at different stages of social development. Thus a static society develops a person who, in Riesman's terminology, is "tradition-directed"; a society in its phase of rapid expansion of population and production develops a person who is "inner-directed"; while a society approaching potential abundance develops the "other-directed" man.

The contrast between "inner-direction" and "other-direction" provides the dramatic conflict for *The Lonely Crowd*. The "inner-directed" man finds his source of direction in an internalized authority: George W. Norris, H. L. Stimson, and George Marshall are convenient modern examples of a type whose integrity inevitably provokes the adjective "old-fashioned." The "other-directed" man, in contrast, responds to authorities and stimuli outside himself. The character of the "inner-directed" man was formed for work and at work; that of the "other-directed" man for leisure and during leisure. The "inner-directed" man is job-minded; the "other-directed" man, people-minded. One character type prizes ambition and per-

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sonal drive; the other, "adjustment."

We can recognize the "other-directed" type all around us (not to say within us): the person who takes his cues from others, whose aim in life is getting along with people, whose greatest need is approval, but who can never achieve full security, who always remains isolated and lonely in the great crowd. Everyman's name is now Caspar Milquetoast. In politics he becomes the "inside-dopester," desperately trying at least to know the score, if he no longer cares particularly who wins the game. At work he tries to bury his loneliness under the glad hand of "false personalization"—the anxious attempt to give the impersonality of modern life a warm and folksy veneer.

Riesman's analysis raises questions, of course, as any such pioneering work must. One wonders whether he is wise in committing himself so much to the population curve as the key to changes in character structure; the recent odd behavior of population in France has made demography a major contemporary mystery. But his scheme throws light on a wide variety of problems. His discussion of the "images of power" in our society, for example, is shrewd and enlightening. Anyone who still talks about a "ruling class" in America today (whether of Wall Street magnates or of Washington bureaucrats) should read Riesman's demonstration of the extent to which power has been dispersed, in this era of other-direction, among "veto groups." Where a Jackson could lead a nation through single-minded moral energy, a Franklin Roosevelt had to resort to a "tolerant ability to manipulate coalitions."

Riesman's general analysis has the great merit for our purposes of placing the problem of mass entertainment in a larger framework. "Popular culture," he writes, "is in essence a tutor in consumption." From early adolescence, the "other-directed" man is the consumer of a torrent of words and images from the movies and radio. He turns eagerly to the media for clues on how to get along better with his group. In a sense, then, as the mass media get better, they get worse—i.e., more indispensable; this explains why we have made minor gains in the taste and intelligence of advertising and the movies without checking the basic drift toward the mass audience. And, if the role of the mass media is determined by the era

of "other-direction," clearly this role cannot be reversed simply by pressuring the masters of the media into different policy decisions.

Is there any way we can conserve the cultural diversity which the mass media are threatening to destroy? Seldes and Siepmann still believe that there is room for maneuver. If only, Seldes cries, we Americans would recognize that "entertainment arts have a public as well as a private character," then at least we would have the beginning of wisdom. Siepmann adds that "the greatest threat to our culture" comes from an underestimation of what our people can take: "The answer to this problem is more and better education."

But can we not make the answer more concrete? If we accept the necessity for replacing Stanton's ideal of a single "great audience" with many smaller and more specific audiences, we then confront the technical problem of devising means by which entertainment geared to mass consumption can shift over to the satisfaction of more specialized interests. Seldes rightly points out that the mass-circulation magazines—*Life, The Saturday Evening Post,* and so on—have performed the spectacular feat of holding large sections of the mass audience by doing what the mass media fail to do—that is, by giving their readers a real variety of choice, appealing to many different levels of interest. For all the irresponsibility of its political columns, for example, *Life* has aimed its cultural and artistic sections considerably above the "common denominator of mass interest."

Now the magazine format, of course, is particularly adapted to the satisfaction of a variety of audiences. But Seldes sees factors in the mass-media situation which provide ground for hope. The movies, for instance, have pushed themselves into a shaky financial position by their rejection of specialized audiences in their passion for the "mass-minority"; as one consequence, the number of people over thirty-five who never go to movies is as great as those who go. With the rise of television, the financial position of radio may become equally precarious. May not TV, by monopolizing the mass minority, force movies and the radio to develop the very diversity they have spurned in the past? Siepmann would agree that, with TV in so many homes, there is hope that Hollywood will "begin to tap the undeveloped market of the mature in age and the mature in culture." This would require supplementary methods of distribution: It would mean, for example, the much more systematic use of chains of small houses, "sure-seaters," for adult films.

Still, granted the possibility that public awareness and financial necessity might drive certain of the mass media to cater to diversity rather than

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to uniformity, how does this solve the deeper tendencies cited by Riesman? Must not "other-direction" in the end defeat the best-organized efforts to reform the media? Riesman himself is not so pessimistic. He seems to feel, for example, that there are elements of self-correction in the media themselves. Advertising, he suggests, has lost its power to command strong emotional assent: That is why so much advertising today is couched in terms of the enthusiasm of children, not of adults. People develop defenses against mass pressures.

But his deeper hope rests in the emergence of what he calls the "autonomous" character—the man who has no compulsive need to follow the "other-direction" of his culture, but no compulsive need to flout it either. There have been autonomous people in all eras; there are autonomous people in our own; they may constitute the saving remnant. And the mass media, Riesman believes, may make an important contribution to that awareness of choice which is the precondition of autonomy.

There is, of course, no trick solution to the problem of mass entertainment. Riesman's hope of "autonomy" is, at bottom, a moral hope—it is the problem of our response to the crisis that will "make" us if it does not break us. But one other concrete consideration, implied if not mentioned by all three authors, enters in: that the only basis for autonomy in our society lies in the preservation of intellectual freedom; and that intellectual freedom survives only when the right of opposition is secure.

This is surely why de Tocqueville, concluding his discussion of the same question over a century ago, saw only one answer to the new power which social equality conferred upon mass opinion. "Many people in France consider equality of conditions as one evil," wrote de Tocqueville, "and political freedom as a second. When they are obliged to yield to the former, they strive at least to escape from the latter. But I contend, that in order to combat the evils which equality may produce, there is only one effectual remedy—namely, political freedom." In the age of television, de Tocqueville never seemed more right.

—Arthur Schlesinger, Jr.

The Battle Of the Bookworms

The annual meeting of the Modern Language Association, a professional organization for college teachers of literature and languages, was held at the Hotel Statler in New York between Christmas and New Year's, with several thousand members present. Although the professors did not march in a parade, wear ceremonial hats, or pass resolutions demanding the removal of any government officials, their get-together had much in common with other national conventions.

In a crowded hall at the Statler one afternoon I heard a discussion on "Theory of Literature and Practical Criticism" between Professors René Welleck of Yale and Seymour Betsky of Wellesley. From a whispered conversation on my right I gathered that the bone of contention between them was something called "The New Criticism," which, like "the new look" in women's fashions, is no longer new. As the debate got under way, it became apparent that the real protagonists were two men named F. R. Leavis and Austin Warren, who were, so far as I could tell, not present. Professor Betsky attacked Warren for being too theoretical, and Professor Welleck attacked Leavis for being too practical. Many learned witticisms were passed, and I detected from time to time the sort of laughter, frequently heard at foreign movies, that is meant to show not only that the laugher is amused but also that he has understood the joke.

Professor Betsky claimed that "Some idea of tradition as distinct from literary tradition is essential to one's literary vocabulary." Professor Welleck, on the other hand, apologized to the audience whenever he found it necessary to use the word "tradition," and also when he quoted a remark about Leavis by Professor Harry Levin of Harvard. (Professor Levin had dropped what I heard described as a bombshell into the convention the day before, when he spoke on "The Tradition of Tradition.")

In the corridor after the debate I heard a good-looking blonde woman say, "You know, I think Betsky has a point." Her companion, who spoke with a Southern accent, looked at her blankly and asked her what point she had in mind. In the elevator I heard a professor whose identification badge indicated that he was from Hofstra College remark softly, "It seems to me that literature gets lost in both shuffles."

As at other conventions, a lot of the important work was accomplished in private conversations outside the formal meetings. One prominent Yeats scholar freely admitted that his attendance at the discussions and lectures was purely incidental; his pleasure was to stand in the lobby, greeting his friends and checking up on his rivals.

The talk at informal gatherings upstairs was scholarly but spirited. At one which I attended it ran to an explicit and rather gamy exegesis of certain passages from James Joyce and was full of quotations from Shakespeare that are not normally emphasized in college English courses.

"This convention is nothing but a slave market," one young instructor told me. "You flex your intellectual muscles and the department heads look you over to see if they can use you. Next year's enrollments are falling off, and so the competition for good jobs, which is always hot, is even hotter. The department heads go for fancy degrees, a lot of signed articles in the learned journals, and—above all—intellectual pretension. The hell with whether you can actually teach or not."

—Robert K. Bingham

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Jesus and A 'Teller of Good Yarns'

The question of what is or isn't blasphemous did not seem extremely urgent to me until recently. When Edward T. McCaffrey, License Commissioner of New York City, "personally and officially" condemned the Italian motion picture "The Miracle" as "blasphemous," I found myself personally taking a new interest in the subject. Although I am a minister's son, I cannot claim any special competence. In the process of clarifying my ideas I happened to examine a fictional treatment of religious topics in a book that evidently represents an outstanding example of this whole literary category. At any rate, it has sold more than 500,000 copies within the past two years. Also, two years before publication, it started a triumphal career as one of the country's most successful radio programs.

Of course, I am speaking of Fulton Oursler's *The Greatest Story Ever Told*. Here, assuredly, we have a real model and paradigm of everything that is the opposite of blasphemous—to judge from the endorsements not only of reviewers but of clergymen, of whom I quote only a few:

"Every fifty years or so a truly great Life of Christ appears . . . In my opinion this is one of the greatest." "I am confident that *The Greatest Story Ever Told* will be a classic." "With reverent imagination Fulton Oursler has recaptured the original setting of our Lord's life." And so on.

Everybody seems to agree with the author, who, as he says in his preface, "has had but one thought in mind, and that was to induce readers to go to the Gospels and hear the story at firsthand."

It is a bit difficult to see why this inducement should be necessary, since the Bible still seems to be not only a greater literary work but even a better best-seller than Oursler's book. But perhaps he was right in coming to the conclusion that "Bible-reading had been largely given up in America." At any rate, he decided "to fill in chinks left open in the Bible accounts."

The result is a sort of new Gospel translated into modern lingo and inspired by the breezy, if not necessarily holy, spirit of a high-powered publicist who, like Oursler's John the Baptist ("the wildest, roughest, toughest, and bravest of saints"), could be called a "great advertiser" for Jesus.

Oursler is really heaven bent on making *The Greatest Story Ever Told* as folksy and timely as possible. Mary gets a rubdown from her cousin Elisabeth, "who was a practical nurse." The young Jesus becomes a sort of glorified Boy Scout, "never known to snivel or accuse, to cry and run at the nose or complain," although he would occasionally "open Mary's picnic box and munch awhile." Angels are heard "singing at the top of their voices." King Herod has the "bulging eyes of a hyperthyroid victim," while the "damsel" Salome is described as "exhibiting the signs of nympholepsy." We are told that in Judea "divorce could be obtained with communistic ease"; that "Joseph and Mary learned about anti-Semitism in Egypt," and that the Pharisees "thought of themselves as God's pets in the schoolroom of life." Jesus recruits Andrew as a disciple after asking: "Looking for someone?" A chapter heading apostrophizes Jesus as "The Teller of Good Yarns."

Even the miracles acquire the reassuring quality of everyday happenings when Oursler relates that Jesus "promptly made the old fellow well," or that "Jesus with the same debonair smile, gentle and courteous, cast out the devil and healed the girl completely." On the other hand, Oursler points out that "From a political point of view the raising of Lazarus was a handicap."

Sometimes, in order to make sure that even a slow-witted reader gets the point, Oursler injects a few explanatory remarks: "Should a good Jew pay the Roman taxes? That was a real poser! For if Jesus said no, He would be guilty of treason. Pilate would polish Him off without ceremony. But if He said yes, all Palestine would be offended." Annas and Caiphas, we are told, "were well aware that Jesus was a charmer."

But enough of these quotations, which I personally (if not officially) would regard as blasphemous were it not for all the glowing testimonies to the contrary delivered by so many ecclesiastical authorities and confirmed, for the Catholic edition, by the imprimatur of an archbishop. Since, according to Oursler, "the mood and method of this book have always been the basis and spirit of the radio program"—presented for four full years by the Goodyear Tire and Rubber Company—it is quite evident that millions of readers and listeners seek and find here a source of devotional entertainment and pious edification.

Faced with such an almost unanimous majority, a steadfast believer in democratic principles cannot try to deny it: The unwittingly sacrilegious naivete of this and many another modern vulgate, vulgarizing with fundamentalist faith the holy story of Christ, reflects indeed quite truthfully the general spirit of our times. What spirit, what times! —Franz Schoenberner

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Occupation duty: 'Aggressor Force' officers in the field and a huge war room of the 'Defenders' during maneuvers

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